

**APPENDIX A1**

**ILLUSTRATIVE SINGLE AUDIT REPORT**

**XYZ CHILD DEVELOPMENT, INC.**

**FISCAL YEAR ENDED JUNE 30, 19X9**

**Single Audit**

**XYZ Child Development, Inc.**

**Fiscal Year Ended June 30, 19X9**

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# **Single Audit**

**XYZ Child Development, Inc.**

**Fiscal Year Ended June 30, 19X9**

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XYZ Child Development, Inc.  
GENERAL INFORMATION

June 30, 19X9

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1. Full official name of the agency ..... XYZ Child Development, Inc.
  2. Program name and contract number:  
General Center ..... GCTR-8xxx  
Child Care and Development Block Grant Center. .... FCTR-8xxx  
Extended Day Care (Latchkey) ..... GLTK-8xxx  
Before and After School Expansion ..... GSAC-7xxx  
CCD Block Grant Expansion Alternative Payment, Stage III CalWORKs .. F3AP-8xxx  
CCD Block Grant Local Planning Council ..... FLPC-8xxx  
GCC Instructional Materials and Supplies . . . . . GIMS-7xxx  
Preschool Sub-Contract, XYZ School District ..... GWAP-8xxx
  3. Type of agency ..... Nonprofit Corporation
  4. Address of agency headquarters ..... 1000 N. Main Street  
Smalltown, CA 9xxxx
  5. Names and address of Executive Director  
and name of Chief Executive Officer, Business  
Officer, or Accountant  
  
Executive Director ..... Gina Anonymous  
2000 S. Child Drive  
Smalltown, CA 9xxxx  
  
Business Officer ..... Joe McNice
  6. Telephone number ..... (916) 555-1212
  7. Period covered by examination ..... July 1, 19X8 through June 30, 19X9
  8. Number of days of agency operation ..... 250 days
  9. Scheduled hours of operation each day ..... Homes: Up to 23 hours a day  
Centers: 7:00 a.m. - 6:00 p.m.  
Office: 8:15 a.m.-5:00 p.m.



## Auditor's Letterhead

### Independent Auditor's Report

Board of Directors  
XYZ Child Development, Inc.

We have audited the accompanying statement of financial position of **XYZ Child Development, Inc.**, as of June 30, 19X9, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of **XYZ Child Development, Inc.**'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes assessing, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2 to the financial statements, during the year ended June 30, 19X9, XYZ Child Development, Inc. changed its method of accounting for contributions, investments, and its method of financial reporting and financial statement presentation.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **XYZ Child Development, Inc.**, as of June 30, 19X9 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September XX, 19X8, on our consideration of **XYZ Child Development, Inc.**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of **XYZ Child Development, Inc.**, taken as a whole. The accompanying Schedule of Expenditures of Federal and State Awards (page 21) and supplementary information 1 is presented on pages 23 to 60, inclusive, for purposes of additional analysis as required by U.S. Office Management and Budget

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1 A separate Independent Auditor's Report on the Supplementary Information is acceptable in lieu of the combined supplementary information paragraph.

*Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in conformity with the *Audit Guide for Audits of Child Development and Nutrition Programs* issued by the California Department of Education. In our opinion, the accompanying information, as referred to above, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

Bean, Bean & Counter  
Certified Public Accountants

September XX, 19X9

XYZ CHILD DEVELOPMENT  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 19X9

**ASSETS**

Cash	\$ 982,725
Accounts Receivable:	
Parent Fees	86,600
State of California	15,521
Employees	334
Food Subsidy Receivable	8,034
Promises and Contributions, net (Note 4)	<u>185,333</u>
Total Accounts Receivable	295,822
Investments, at fair value (Note 5)	600,130
Prepaid Insurance Expense	1,132
Due from Other Funds (Note 18)	<u>322,544</u>
<b>Total Current Assets</b>	<b>2,202,353</b>
 Long-Term Promises and Contributions, net (Note 4)	 117,667
Long-Term Investments, at fair value (Note 5)	334,634
Land, Building and Equipment, net (Note 3)	<u>1,290,000</u>
 <b>TOTAL ASSETS</b>	 <b>\$ 3,944,654</b>

**LIABILITIES AND NET ASSETS**

Accounts Payable	\$ 649,616
State of California	454,025
Employees Vacation (Note 6)	68,486
Due to Child Care Providers (Note 7)	349,080
Food Subsidy Advance (Note 8)	41,366
Accrued Wages and Payroll Taxes	37,000
Refundable Deposits	16
Due to Other Funds (Note 18)	322,544
Deferred Income (Note 9)	50,000
State and Child Development Reserves (Note 13)	223,231
Current Portion Under Capital Leases (Note 11B)	\$ <u>50,000</u>
<b>Total Current Liabilities</b>	<b>2,245,364</b>
 Government Owned Fixed Assets (Note 3)	 275,000
Long-Term Capital Leases Payable (Note 11B)	\$ <u>609,000</u>
<b>Total Liabilities</b>	<b>3,129,364</b>

**NET ASSETS**

Unrestricted (Note 20)	1,066,333
Temporarily Restricted (Note 19)	<u>(251,043)</u>
<b>Total Net Assets</b>	<b>\$ 815,290</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$ 3,944,654</b>

The accompanying notes are an integral part of these financial statements

XYZ Child Development, Inc.  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 19X9

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT, REVENUE AND GAINS</b>			
<b>Support</b>			
State Appointments - One Time Only Grants	\$	\$ 26,545	\$ 26,545
Restricted Program Income:			
- United Way	86,966		86,966
- Donations and Promises	383,000		383,000
- Private Foundation Rent Subsidy	60,000		60,000
- Maintenance of Effort	27,000		27,000
- CACFP Audit Cost Reimbursement	3,000		3,000
- Transfers from CDD Reserves	5,000		5,000
- In-Kind Services and Matching (Note 2)	2,500	2,500	5,000
<b>Total Support</b>	<u>567,466</u>	<u>29,045</u>	<u>596,511</u>
<b>Revenue</b>			
State Apportionments	\$ 806,500		806,500
Federal Funds	6,834,092		6,834,092
Non-Government Sponsored Programs	408,167		408,167
Parent Fees	327,081		327,081
Investment Income:			
- Interest	6,445	250	6,695
- Dividends	1,751		1,751
Fundraising and Other Income	10,161		10,161
<b>Total Revenue</b>	<u>8,394,197</u>	<u>250</u>	<u>8,394,447</u>
<b>Gains</b>			
Investments, Net Realized and Unrealized	<u>2,825</u>		<u>2,825</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of Program Restrictions	5,400	(5,400)	
<b>TOTAL SUPPORT, REVENUE AND GAINS</b>	<u>8,969,888</u>	<u>23,895</u>	<u>8,993,783</u>
<b>EXPENSES</b>			
<b>Program Services:</b>			
Child Development Programs	1,461,628		1,461,628
Preschool Subcontract, XYZ School District	100,000		100,000
Child Care Food Program	3,810,682		3,810,682
Head Start Program	2,775,000		2,775,000
Total:	8,147,310		8,147,310
<b>Supporting Services</b>	<u>750,000</u>		<u>750,000</u>
<b>TOTAL EXPENSES</b>	<u>8,897,310</u>		<u>8,897,310</u>
<b>EXCESS OF TOTAL SUPPORT, REVENUE AND GAINS OVER OTHER EXPENSES</b>	72,578	23,895	96,473
Other Changes in Net Assets - Building and Equipment Depreciation	(1,910)		(1,910)
<b>INCREASE IN NET ASSETS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING</b>	70,668	23,895	94,563
<b>CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (NOTE 2C)</b>	<u>22,889</u>		<u>22,889</u>
<b>INCREASE IN NET ASSETS</b>	93,557	23,895	117,452
<b>NET ASSETS AT BEGINNING OF YEAR</b>	941,620	15,228	956,848
<b>Prior Period Adjustments (Note 10)</b>	<u>31,156</u>	<u>(290,166)</u>	<u>(259,010)</u>
<b>NET ASSETS, RESTATED</b>	<u>972,776</u>	<u>(274,938)</u>	<u>697,838</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,066,333</u>	<u>\$ (251,043)</u>	<u>\$ 815,290</u>

The accompanying notes are an integral part of these financial statements.

**XYZ Child Development, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 19X9**

	Program Services					Support Services			Total Expenses
	Child Development Programs	Child Care Food Program	Head Start Program	Pre-School Sub-Contract	Total Program Services	Management and General	Fund Raising	Total Support Services	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounting and Audit	9,000	17,576	24,500	3,000	54,076	19,000		19,000	73,076
Books, Dues, and Subscriptions	2,543	2,439	25,000		29,982				29,982
Child Care Providers	152,000	2,833,659			2,985,659				2,985,659
Consultants and Professional Fees	41,000	39,000			80,000				80,000
Contracts for Personal Services	223,007	190,237	100,000		513,244	28,500		28,500	541,744
Contracts, Rents and Leases	107,563	37,500	75,000	25,800	245,863	73,360	120	73,750	319,613
Custodial Services	3,000	2,400	2,400	1,200	9,000				9,000
Depreciation	10,500		3,500		14,000	14,500		14,500	28,500
Equipment	58,302	3,500	15,000	500	77,302				77,302
Food and Food Supplies	30,081	15,039	7,500		52,620	8,000	500	8,500	61,120
Instructional Materials and Supplies	24,594	1,644	33,750	425	60,413	26,290		26,290	86,703
Insurance	8,287	13,177	10,000	4,500	35,964	4,890	110	5,000	40,964
Legal	8,419	9,050	5,500	2,800	25,769	18,500		18,500	44,269
Miscellaneous	75	2,683	5,000		7,758	500		500	8,258
Office Expenses	2,600	980	3,800	200	7,580	2,280	170	2,450	10,030
Payroll Taxes and Fringe Benefits	86,974	49,111	432,450	13,000	581,535	273,710	570	274,280	855,815
Postage	1,790	1,825	3,100	150	6,865	1,880	120	2,000	8,865
Printing and Publications	8,250	2,800	5,125		16,175	5,560	650	6,210	22,385
Salaries and Wages	538,291	270,892	1,772,500	40,700	2,622,383	835,776	2,238	838,014	3,460,397
Start-Up Expenses	5,200				5,200				5,200
Site Improvements	19,975		7,500		27,475				27,475
Taxes and Licenses	475	790	1,725	225	3,215	510	40	550	3,765
Telephone	2,650	3,900	3,300	240	10,090	1,975	125	2,100	12,190
Travel, Meetings and Conferences	10,153	11,976	11,400		33,529	11,550	450	12,000	45,529
Uncollectible Promises to Give					0		1,900	1,900	1,900
Utilities	6,505	20,204	19,300	260	46,269	2,860	40	2,900	49,169
Vehicle Costs		4,800	3,600		8,400				8,400
Total Expenses Before Indirect Costs:	1,361,234	3,535,182	2,570,950	93,000	7,560,366	1,329,911	7,033	1,336,944	8,897,310
Indirect Costs	100,394	275,500	204,050	7,000	586,944	586,944		(586,944)	
TOTAL	\$ 1,461,628	\$ 3,810,682	\$ 2,775,000	\$ 100,000	\$ 8,147,310	\$ 742,967	\$ 7,033	\$ 750,000	\$ 8,897,310

**STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 19X9

**Cash Flows From Operating Activities:****Cash Received From:**

State Apportionments - One-Time Only Grants	\$ 26,545
State Apportionments	790,979
Federal Funds	6,080,610
County of XYZ - Maintenance of Effort	27,000
Non-Government Sponsored Programs	408,167
Contributions	86,966
Donations and Promises	159,878
Parent Fees	240,481
Net Realized Gains	2,889
Interest and Dividends	8,446
Others	<u>12,661</u>
	<u>7,844,622</u>

**Cash Disbursed To:**

Center and Child Care and Development Block Grant Programs	673,217
Latchkey Program	350,048
Alternative Payment Block Grant Expansion Program	172,384
Before and After School Expansion Program	5,800
Preschool Sub-Contract, XYZ School District	77,000
Child Care Food Program	2,840,391
Head Start Program	2,483,400
Non-Government Sponsored Programs	697,831
One-Time Only Grants	<u>2,362</u>
	<u>7,302,433</u>

**Net Cash Provided by Operating Activities****\$ 542,189****Cash Flows From Investing Activities**

Purchase of Fixed Assets	(145,354)
Proceeds from Sale of Fixed Assets	4,150
Purchase of Investments	58,900
Proceeds from Sale of Investments	<u>(125,600)</u>
Net Cash Used by Investing Activities	<u>\$ (207,904)</u>

**Cash Flows From Financing Activities**

Capital Lease Payments	<u>(200,000)</u>
Net Cash Flows From Financing Activities	<u>\$ (200,000)</u>

**Net Increase in Cash and Cash Equivalents****134,285****Cash and Cash Equivalents at Beginning of Year****848,440****Cash and Cash Equivalents at End of Year****\$ 982,725****Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:**

<b>Change in Net Assets Before Cumulative Effect of Change in Accounting Principle</b>	<b>\$ 94,563</b>
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations:</b>	
Cumulative Effect of Change in Accounting Principle	(22,889)
Depreciation	28,500
Net Realized and Unrealized Gains on Investments	(2,825)
Decrease/(Increase) in:	
- Accounts Receivable	219,853
- Promises and Contributions	(235,333)
- Investments	130,000
- Prepaid Expenses	(250)
Increase in:	
- Accounts Payable	254,746
- Deferred Income	25,000
- State Child Development Reserves	<u>53,610</u>
Total Adjustments	<u>447,626</u>
Net Cash Provided by Operating Activities	<u>\$ 982,725</u>

**Supplemental Data for Noncash Investing and Financing Activities:**

Donations of U.S.D.A. Food Commodities	\$ <u>5,000</u>
Donations of Food	\$ <u>2,500</u>
In-Kind Services	\$ <u>2,500</u>

The accompanying notes are an integral part of these financial statements

XYZ Child Development, Inc.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 19X9

**NOTE 1: GENERAL INFORMATION**

XYZ Child Development, Inc. (the Agency) was incorporated as a nonprofit corporation in 1967 to provide educational programs for the care of children outside their homes. It has been granted tax exempt status by the Internal Revenue Service under Section 501(c)(3) and California Franchise Tax Board under Section 23701 (d). The Agency is both publicly and privately funded and administers federal, state, county, and social service contracts and grants. The Agency contracts with the Department of Health and Human Services to operate a County Head Start program in Smalltown and Anytown; and contracts with the California Department of Education (CDE) to operate child care centers and programs in XXX County and XXX School District, and to administer center and day care home child care food programs in XXX County, YYY County and ZZZ County. The Agency also receives funds from private donations, promises and nonsubsidized child care fees.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Agency have been prepared on the accrual method of accounting. The assets, liabilities, and net assets are classified in accordance with specified restrictions or objectives.

CHANGE IN ACCOUNTING PRINCIPLES - Change For New Pronouncements:  
*(If not the first year, the Independent Auditor's Report would not include this reference).*

**A. Financial Statement Presentation**

In 19X8-X9, the Agency elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for Profit Organizations". Under SFAS No. 117, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Agency is required to present a Statement of Cash Flows. In addition, the Agency has presented a Statement of Functional Expenses which provides useful information about expenses by function (program and service) in an effort to associate its expenses with its service efforts and accomplishments. The Agency has reclassified its financial statements to present the three classes of net assets required.

**B. Contributions/Government Grants**

The Agency also elected to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 19X8-X9. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under SFAS No. 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction. As permitted by SFAS No. 116, the Agency has retroactively applied the provisions of this new Statement by restating net assets as of June 30, 19X8. The effect of this new statement on the Agency's net assets and change in net assets for 19X9, was an increase of \$403,000, from what would have been reported under prior accounting principles. In addition, all CDE contracts are considered revenue, except for one-time only grants. One-time only grants are considered as support. The effect is \$23,957 in revenues not earned on these one-time only grants instead of deferred income.

XYZ Child Development, Inc.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 19X9

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Investments**

In prior years, the Agency recorded all investments at cost. Effective July 1, 19X8, the Agency adopted SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Under SFAS, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. As permitted by SFAS No. 124, the Organization applied the provisions of this new Statement by reflecting the cumulative effect of the change, amounting to \$22,889 in the Statement of Activities. The adjustment represents unrealized gains on investments that had not previously been recognized in the financial statements.

**D. Donated Services**

Donated services are recognized in the financial statements as revenue and expense in equal amounts at their estimated fair values. Grantee contributions (in-kind) totaling \$2,500 include space donation, professional and volunteer time charged at a rate pursuant to related contract provisions. There were no amounts receivable in future years.

**E. Donated Food**

The Agency received food donated with an estimated fair value during the year from the following sources:

U.S.D.A., CACFP Donated Food Commodities	\$ 5,000
Supermarket	<u>2,500</u>
Total	<u>\$ 7,500</u>

**F. Audit Cost Reimbursement**

The Agency received a reimbursement of \$3,000 from the Child Nutrition and Food Distribution Division's Office of External Audits for the Child and Adult Care Food Program's (CACFP) portion of the total audit costs for the year ending June 30, 19X8.

Although, the above amounts for Donated Services, Donated Food and Audit Cost Reimbursement are not considered material for Generally Accepted Accounting Principles (GAAP) disclosure, it is required by the CDE.

**G. Fund Accounting**

The Agency receives a major portion of its revenues in the form of federal and state grants for program operations. CDE requires non-profit organizations to use fund accounting in conformity with its Audit Guide for Audits of Child Development and Nutrition Programs.



XYZ Child Development, Inc.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 19X9

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Fund Accounting**

In order to ensure observance of limitations and restrictions placed on the use of income received by the Agency, the accounts are maintained in accordance with the principles of fund accounting. The assets, liabilities and net assets are classified in accordance with specified restrictions or objectives.

**H. Classes of Net Assets**

Unrestricted Net Assets - Portion of net assets over which the governing board has discretionary control for general operations of the Agency. The Agency accounts for the Child Development Program's (CDP) contracts, Child Nutrition Program's agreements, Headstart Program, and Non-Government Sponsored Programs as unrestricted. The only limits on unrestricted net assets are limits resulting from contractual agreements.

Temporarily Restricted Net Assets - Portion of net assets resulting from contributions, pledges and other inflows of assets whose use by the Agency is limited by donor-imposed restrictions that expire by passage of time. The Agency accounts for the one-time only CDP's grants as temporarily restricted, as there are purpose restrictions, which limit their use. When the purpose restrictions are accomplished, the temporarily restricted net assets are reclassified to unrestricted net assets.

**I. Cash and Cash Equivalents**

The Agency considers highly liquid investments purchased with a maturity of three months or less, other than such investments held in the long-term portfolio, to be cash equivalents.

**J. Concentration of Credit Risk for Cash Held in Banks**

The Agency maintains cash balances in excess of the Federal Deposit Insurance Corporation (FDIC) guaranteed limit up to \$100,000 in each bank. XYZ's uninsured cash balances totaled \$ 498,639.

**K. Land, Building, Furniture and Equipment**

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost when no historical records exist. Donations of property and equipment are recorded as support at their estimated fair value on the date received. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

XYZ Child Development, Inc.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 19X9

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Assets Purchased With Government Funds**

Assets purchased with governmental grant or contract funds may not be depreciated. They remain the property of the government for the life of the asset. The Agency holds assets in trust for the government and therefore, the assets have been recorded on the statement of financial position as both an asset and a liability.

**NOTE 3: LAND, BUILDING, FURNITURE AND EQUIPMENT**

Building and equipment not purchased with government funding are depreciated by the straight-line method over their estimated useful lives ranging from five to thirty years.

	<u>Land and Building</u>	<u>Furniture &amp; Equipment</u>	<u>Total</u>
Balance, July 1, 19X8	\$ 900,000	\$ 382,302	\$ 1,282,302
Additions:			
Expenditures from:			
Child Development Programs		58,302	58,302
Preschool Sub-Contract			
Child Care Food Program			
Head Start		15,000	15,000
Non-Government-Sponsored	50,000	23,500	73,500
(footnote sources)			
Total	<u>50,000</u>	<u>96,802</u>	<u>146,802</u>
Deductions:			
(Disposed at recorded value)			
Child Development Programs		1,650	1,650
Preschool Sub-Contract			
Child Care Food Program			
Head Start			
Non-Government-Sponsored		2,500	2,500
(footnote sources)			
Total	<u>          </u>	<u>4,150</u>	<u>4,150</u>
Balance, June 30, 19X9	950,000	474,954	1,424,954
Less Accumulated Depreciation	<u>34,200</u>	<u>100,754</u>	<u>134,954</u>
Net Fixed Assets, June 30, 19X9	<u>\$ 915,800</u>	<u>\$ 374,200</u>	<u>\$ 1,290,000</u>

XYZ Child Development, Inc.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 19X9

**NOTE 3: LAND, BUILDING, FURNITURE AND EQUIPMENT (continued)**

**SUMMARY OF REVERSIONARY INTEREST**

	<u>Government Owned</u>	<u>XYZ Owned</u>	<u>Total</u>
Land and Building	\$ 90,000	\$ 860,000	\$ 950,000
Furniture and Equipment	185,000	289,954	474,954
	<u>275,000</u>	<u>1,149,954</u>	<u>1,424,954</u>
Less: Accumulated Depreciation	-	134,954	134,954
Net Fixed Assets, June 30, 19X9	<u>\$ 275,000</u>	<u>\$ 1,015,000</u>	<u>\$ 1,290,000</u>

In order to fulfill its accountability of government-owned assets, CDE requires the above summary disclosure of its reversionary interest in the fixed assets acquired by the agency with CDE funds.

**NOTE 4: PROMISES TO GIVE AND CONTRIBUTIONS RECEIVABLE**

At June 30, 19X9, promises and contributions receivable are due to be collected as follows:

Gross Unconditional Promises to Give	\$ 426,550
Less: Allowances for Uncollectible Promises to Give	(81,600)
Unamortized Discount	<u>(41,950)</u>
Net Uncollectible Promises to Give	<u>\$ 303,000</u>
Receivable in Less than One Year	\$ 185,333
Receivable in One to Five Years	<u>117,667</u>
	<u>\$ 303,000</u>

In accordance with SFAS Nos. 116, the full amount of \$303,000 is recognized as support as the Agency was notified in the current year that the entire amount would be receivable.

The 6.25% discount rate is based on the three-year Treasury Note rate listed in the Wall Street Journal as of June 30, 19X9.

XYZ Child Development, Inc.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 19X9

**NOTE 5: INVESTMENTS**

Investments are presented in the financial statements at their readily determinable fair values and are stated at fair market values in the Statement of Financial Position. Investments of property are recorded at the fair value at the date of donation. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investments at June 30, 19X9, consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>	<u>UnRealized Gain</u>
<b>CURRENT ASSETS:</b>			
U.S. Government Obligations	<u>\$ 600,130</u>	<u>\$ 600,130</u>	<u>\$ -</u>
<b>LONG-TERM ASSETS:</b>			
Guaranteed Investment Certificate	5,826	5,826	-
Common Stocks	100,200	88,805	11,395
Mutual Funds	49,907	43,614	6,293
Bonds	13,701	12,000	1,701
Real Estate Held for Resale	<u>165,000</u>	<u>160,000</u>	<u>5,000</u>
	<u>\$ 334,634</u>	<u>\$ 310,245</u>	<u>\$ 24,389</u>

The unrealized gain, above of \$24,389, includes the cumulative effect of \$22,889 in accordance with SFAS 124, as referenced to in Note 2C.

The Agency holds significant investments in the form of fixed-income, equity securities and mutual funds. Credit risk is the failure of another party to perform in accordance with the contract terms. The Agency is exposed to credit risk for the amount of the investments. The Agency has never sustained a loss on any investment due to nonperformance and does not anticipate any nonperformance by the issuers of the securities.

Investment income as listed in the statement of activities is net of management fees of \$ 1,564 for 1999. Realized and unrealized investment gains and losses as well as investment income are allocated by the market value unit method to each fund based on its percentage ownership of the pooled investments. The following schedule summarizes the net investment return and its classification in the statement of activities for the year ended June 30, 19X9:

Realized Gain on Investments	\$ 2,889
Unrealized Gain on Investments	<u>1,500</u>
Total	4,389
Less: Investment Expenses	<u>(1,564)</u>
Net Investment Income	<u>\$ 2,825</u>

XYZ Child Development, Inc.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 19X9

**NOTE 6: ACCUMULATED VACATION AND SICK LEAVE**

**Vacation**

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Agency. The liability is recognized in the program to which the liability relates. The value of accumulated vacation at June 30, 19X9 is:

Non-Government Sponsored Programs	\$ 13,000
Child Care Food Program	7,276
Center and Block Grant Child Development Programs	10,210
Head Start	<u>38,000</u>
Total	<u>\$ 68,486</u>

**Sick Leave**

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. CDE requires disclosure of the Agency's sick leave policy and financial reporting disclosure.

Accumulated employee sick leave benefits are not recognized as liabilities of the Agency since payment of such benefits is not probable or estimable. Therefore, sick leave benefits are recorded as expenditures in the period sick leave is taken.

**NOTE 7: DUE TO CHILD CARE PROVIDERS**

The agency manages a Day Care Home program with providers and owes them for their portion of the reimbursement from the CACFP, administered by the CDE, less the Agency's administrative expenses.

**NOTE 8: FOOD SUBSIDY ADVANCE**

The CACFP, administered by the CDE, advances funds to agencies for administrative operating expenses. The advance must be repaid to CDE upon program termination.

**NOTE 9: DEFERRED REVENUE**

Deferred revenue at June 30, 19X9 consists of the Before and After School GCC Expansion service contract, GSAC-7XXX, for \$50,000.

XYZ Child Development, Inc.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 19X9

**NOTE 10: PRIOR PERIOD ADJUSTMENTS**

The beginning net assets were restated to capitalize the book value of assets purchased in prior years and to correct classification of cash accounts recorded as temporarily restricted. The cash accounts were designated for special purposes by the Board of Directors and should have been recorded as unrestricted net assets.

	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Net Assets, as Reported at June 30, 19X8	\$ 15,228	\$ 941,620	\$ 956,848
Adjustments:			
Record Cost of Equipment Purchased, but not Capitalized		15,990	15,990
Record Cost of Government-Owned Fixed Assets	(275,000)		(275,000)
Cash Incorrectly Recorded as Temporarily Restricted	(14,254)	14,254	-
Transfers, Net Fixed Assets	<u>(912)</u>	<u>912</u>	<u>-</u>
Total Prior Period Adjustments	<u>(290,166)</u>	<u>31,156</u>	<u>(259,010)</u>
Net Assets, Restated Balance at June 30, 19X8	<u>\$ (274,938)</u>	<u>\$ 972,776</u>	<u>\$ 697,838</u>

**NOTE 11: LEASE COMMITMENTS**

A. Operating Leases - The total rental expense incurred by the Agency for facilities during the year was \$194,000, allocated as follows:

Direct Cost Allocation

Non-Government Sponsored Programs	\$ 50,000
Center and Block Grant Child Development Programs	35,000
Latchkey Program	12,000
Head Start	<u>75,000</u>
	\$172,000

Allocation of Indirect Rental Cost:

Non-Government Sponsored Programs	\$ 10,000
Center and Block Grant Child Development Programs	4,000
Latchkey Program	3,000
Head Start	<u>5,000</u>
	<u>\$ 22,000</u>
Total	<u>\$194,000</u>

XYZ Child Development, Inc.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 19X9

**NOTE 11: LEASE COMMITMENTS (continued)**

The Agency also had miscellaneous equipment rental of \$4,800 for the year, which was expended to the Center and Block Grant Child Development programs.

Minimum future rental payments under noncancelable operating leases for each of the next five years in aggregate are:

Year Ended June 30

2000	\$ 125,000
2001	135,000
2002	145,000
2003	155,000
2004 and Thereafter	<u>1,015,000</u>

TOTAL	<u>\$1,575,000</u>
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B. Capital Leases - The Agency leases 5 relocatable buildings from Calvin & Hobbes Leasing under a non-cancelable capital lease agreement. These leases were effective June 1998. The term of these leases is 6 years (72 months) with imputed interest rate of 12.5%. Buildings have been capitalized at \$850,000. Accumulated amortization of the leased buildings is \$190,000.

Year Ended June 30

2000	\$ 200,000
2001	200,000
2002	200,000
2003	<u>200,000</u>

TOTAL	800,000
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Less - Portion which represents Interest	<u>141,000</u>
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659,000

Current Portion	<u>50,000</u>
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Noncurrent Portion	<u>\$ 609,000</u>
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All of these leases expire in June 2003.

XYZ Child Development, Inc.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 19X9

**NOTE 12: CONTRIBUTORY RETIREMENT PLAN**

The Agency maintains a contributory retirement plan available for its employees which allows participants to make tax deferred investment contributions. The plan does not qualify under provisions of Section 403(b) of the Internal Revenue Code of 1954, as amended. The Agency has filed the required federal and state tax forms for this plan. The Agency makes no contributions to the plan.

Total Current Year Employee Deferred Compensation	\$ 22,500
Total Prior Contributions	<u>170,000</u>
Total Current Value in Plan	<u>\$192,500</u>

**NOTE 13: STATE CHILD DEVELOPMENT RESERVES**

The funding agreements with the California Department of Education (CDE) allow the Agency to record deferred revenue or "reserves" for the amounts not earned during the current year, up to certain amounts. These reserves are presented as a liability for financial statement purposes and are not included in the current year revenue. As of June 30, 1999, the reserve was \$223,231.

**NOTE 14: CONTINGENCIES**

The Agency has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. It appears that such an audit will generate a disallowance of the \$250,000 loan that the Agency made to the non-government sponsored operating program under the terms of the CDP. However, the Agency believes that this reimbursement to the CDP will be material to the total of CDP funds. This condition is described in Finding 99-3.

During the year ended June 30, 19X9, certain employee benefits which were subject to social security taxes were excluded from the earnings calculation for social security taxes. In the event of an audit by the Internal Revenue Service, the Agency might be required to pay both the employee and employer portions of social security taxes on these benefits. The dollar amount has not been determined.

**NOTE 15: AUDIT FEES**

Audit fees of \$7,000 for the current period have been accrued as allowed by grantor agencies, even though a portion of these services will be performed in the subsequent period. This is not in accordance with generally accepted accounting principles but is not considered material in relationship to the Agency taken as a whole.

The California State Legislature mandates CDE responsibility for ensuring that audit fees are disclosed annually in the Agency's audit report.



XYZ Child Development, Inc.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 19X9

**NOTE 16: RELATED PARTY TRANSACTIONS**

- A. The Executive Director is currently leasing miscellaneous equipment and a day care facility to the Agency for \$400 and \$2,750, per month, respectively. These rental payments for the year totaled \$37,800. The Agency has on file independent "fair market rental" appraisals covering both leases showing \$ 450 and \$2,850 a month, respectively.
- B. The Executive Director's spouse, who owns a supermarket, donated \$2,500 of food for the preparation of meals served in the day care.
- C. The Agency paid a consulting fee to a private company owned by the Executive Director. The total amount paid during the year was \$12,500 for the preparation of the breakfast and lunch menus. An estimate of the fair value of these services has not been determined.

**NOTE 17: GOING CONCERN ( Illustrative Example Only)**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which assumes continuation of the Agency as a going concern. However, the Agency has sustained substantial operating losses in the 19X6-X7 and 19X7-X8 fiscal years due to rapid expansion which resulted in the Agency using substantial amounts of working capital in its operations. Furthermore, at June 30, 19X9 current liabilities exceed current assets by \$ \_\_\_\_\_, and total liabilities exceed total assets by \$ \_\_\_\_\_.

It is management's point of view that realization of a major portion of the assets in the accompanying statement of financial position is dependent upon continued operations of its Agency, which in turn is dependent upon the Agency's ability to meet its financial requirements and the success of its future operations. Management believes that actions presently being taken to revise the Agency's operating and financial requirements provide the opportunity for the Agency to continue as a going concern. Management's plans include implementing new budgetary controls to prevent recurring operating deficits, improving the working capital position of the Agency, and canceling future expansion plans.

Management does not believe that the repayment of the \$250,000 loan, as referenced to in Note 18 , and the corresponding contingency referenced to in Note 14, will effect the Agency's ability to continue as a going-concern. The financial statements do not include any adjustments that might be necessary should the Agency be unable to continue as a going concern.

**NOTE 18: DUE TO/DUE FROM OTHER PROGRAMS**

As of June 30, 19X9, the total of the "Due to/Due from" was \$322,544. CDE advances money for program operations throughout the year. The Child Development Program's (CDP) Funding Terms and Conditions restrict the use of state contract cash to grant related expenditures only. Because the Agency's non-government sponsored operating program lacked interim financing for facility acquisitions, it was necessary during 19X8-X9 to use state contract funds to satisfy cash flow needs. At June 30, 19X9, the amount loaned to the non-government sponsored programs from state funded programs totaled \$250,000. These transfers are in violation of the CDP's funding terms and conditions.

XYZ Child Development, Inc.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 19X9

**NOTE 19: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 19X9 are available for the following purposes:

Government-Owned Fixed Assets	\$(275,000)
Block Grant Local Planning Council	22,812
Instructional Materials and Supplies	1,145
	<u>\$(251,043)</u>

**NOTE 20: UNRESTRICTED NET ASSETS**

Unrestricted net assets at June 30, 19X9 are designated for the following purposes:

Undesignated	\$ 200,000
Board Designated - non-government programs	241,333
Board Designated - land and buildings	425,000
Board Designated - long-term investments	200,000
	<u>\$ 1,066,333</u>

**NOTE 21: INTEREST EARNED IN SUBSEQUENT PERIODS FOR UNEXPENDED APPORTIONMENTS**

The CDP contract number GCTR-8XXX will continue to accrue interest on the unexpended 1998-X9 apportionments until the CDE invoices the department. An accurate estimate of this interest cannot be determined at this time.

**NOTE 22: Y 2K COMPLIANCE (Illustrative Example Only)**

The integrity of the organization's financial statements may be compromised by not addressing the effect of year 2000 on its information system. The agency is confident that it will have addressed this problem and become Y2K compliant, in accordance with CDE requirements, on or before the year 2000.

XYZ Child Development, Inc.  
COMBINING STATEMENT OF FINANCIAL POSITION  
June 30, 19X9

	Unrestricted Programs				Temporarily Restricted Programs			
	Child Development Programs - Contracts -	Preschool Sub-Contract XYZ School District	Child Care Food Program	Head Start Program	Non-Government Sponsored Programs	Local Planning Council Block Grant	Instructional Materials and Supplies Grant	Government-Owned Fixed Assets
<b>ASSETS</b>								
Cash	\$ 98,575	\$ 23,000	\$ 593,639	\$ 205,000	\$ 38,366	\$ 23,000	\$ 1,145	\$ 982,725
Accounts Receivable	86,600							86,600
Parent Fees	15,521							15,521
State of California	334							334
Employees	8,034							8,034
Food Subsidy Receivable	24,790		1,658,044	19,600	188,093	2,850		235,333
Promises and Contributions, net (Note 4)								1,638,044
Due From Child Care Providers (Note 7)								
Total Accounts Receivable	135,279		1,658,044	19,600	188,093	2,850		2,003,866
Investments, at fair value (Note 5)	25,332		325,000	145,000	339,432			834,764
Prepaid Insurance Expense	1,132							1,132
Due from Other Funds (Note 18)	322,544							322,544
Total Current Assets	582,862	23,000	2,576,683	369,600	565,891	25,850	1,145	4,145,031
Long-Term Promises and Contributions (Note 4)					167,667			167,667
Land, Building and Equipment, net (Note 3)	100,000		140,000	35,000	1,015,000			1,290,000
<b>TOTAL ASSETS</b>	<b>\$ 682,862</b>	<b>\$ 23,000</b>	<b>\$ 2,716,683</b>	<b>\$ 404,600</b>	<b>\$ 1,748,558</b>	<b>\$ 25,850</b>	<b>\$ 1,145</b>	<b>\$ 5,602,698</b>
<b>LIABILITIES AND NET ASSETS</b>								
Accounts Payable	170,344	20,000	772,045	253,600	39,169	2,500		1,257,658
State of California	41,448		1,811,659					1,853,107
Employee Vacation (Note 6)	10,210		7,276	38,000	13,000			68,486
Food Subsidy Advance (Note 8)	4,011		37,355			538		41,366
Accrued Wages and Payroll Taxes	33,462	3,000						37,000
Refundable Deposits	16							16
Due to Other Funds (Note 18)			72,544		250,000			322,544
Deferred Income (Note 9)	50,000							50,000
State Child Development Reserves (Note 13)	223,231							223,231
Current Portion Under Capital Leases (Note 11B)	25,000				25,000			50,000
Total Current Liabilities	557,722	23,000	2,700,879	291,600	377,169	3,038		3,903,408
Government Owned Fixed Assets (Note 3)								275,000
Long-Term Capital Lease Payable (Note 11B)	135,000				474,000			609,000
Total Liabilities	692,722	23,000	2,840,879	291,600	801,169	3,038		4,787,408
<b>NET ASSETS</b>								
Unrestricted (Note 20)	(9,860)		15,804	113,000	947,389		1,145	1,066,333
Temporarily Restricted (Note 19)						22,812		(251,043)
Total Net Assets	(9,860)	0	15,804	113,000	947,389	22,812	1,145	815,290
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 682,862</b>	<b>\$ 23,000</b>	<b>\$ 2,716,683</b>	<b>\$ 404,600</b>	<b>\$ 1,748,558</b>	<b>\$ 25,850</b>	<b>\$ 1,145</b>	<b>\$ 5,602,698</b>

YZ Child Development, Inc.  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
For the Year Ended June 30, 19X9

	Unrestricted Programs				Temporarily Restricted Programs				
	Child Development Programs - Contracts -	Preschool Sub-Contract XYZ School District	Child Care Food Program	Head Start Program	Non- Government Sponsored Programs	Local Planning Council Block Grant	Instructional Materials and Supplies Grant	Revenues Not Earned per SFAS - (1)	Government -Owned Fixed Assets
NET ASSETS, Beginning of the Year	\$ (99,583)	\$ 0	\$ 4,900	\$ 91,340	\$ 944,963	\$ 37,128	\$ 2,057	\$ (23,957)	\$ 0
Adjustments to the Prior Year (Note 10):					15,990				15,990
Assets purchased in prior year not capitalized									
Recognition of Government-Owned Fixed Assets (Note 3)									(275,000)
Transfer of Net Fixed Assets					912		(912)		
Cash incorrectly recorded as Temporarily					14,254	(14,254)			
NET ASSETS, restated (Note 10)	(99,583)		4,900	91,340	976,119	22,874	1,145	(23,957)	(275,000)
Change in Net Assets Before Cumulative Effect of Change in Accounting Principle	88,530		10,904	10,000	(38,766)	(62)		23,957	
Cumulative Effect of Change in Accounting Principle (Note 2)	1,193			11,660	10,036				
Change in Net Assets	89,723		10,904	21,660	(28,730)	(62)		23,957	
NET ASSETS, End of the Year	\$ (9,860)	\$ 0	\$ 15,804	\$ 113,000	\$ 947,389	\$ 22,812	\$ 1,145	\$ 0	\$ (275,000)
									\$ 815,290

Note (1) - Apportionments from non-service, One-Time Only Grants are classified as support, not revenue, and the income is not earned per SFAS Nos. 116 and 117.

XYZ Child Development, Inc.  
COMBINING STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 19X9

	Unrestricted Programs					Temporarily Restricted Programs						
	Center and Block Grant Child Development Programs	Latchkey Program	AP Block Grant Expansion-Stage III CalWORKS	Before and After School Expansion	Preschool Sub-Contract XYZ School District	Child Care Food Program	Head Start Program	Non-Government Sponsored Programs	Block Grant Local Planning Council	Instructional Materials And Supplies	Revenues Not Earned per SFAS-(1)	Total
<b>SUPPORT, REVENUES &amp; GAINS</b>												
Support												
State and Federal Appropriations												
Restricted Program Income:												
- United Way	41,966											
- Promises, Contributions and Donations	5,000											
- Private Foundation Rent Subsidy	60,000											
- Maintenance of Effort	27,000											
- CACFP Audit Cost Reimbursement	3,000											
- Transfers from CDD Reserves	2,500											
- In-Kind Services and Matching (Note 2)	139,466											
<b>Total Support</b>	<b>250,000</b>	<b>400,000</b>	<b>5,000</b>	<b>13,300</b>	<b>100,000</b>	<b>178,731</b>	<b>2,650,000</b>	<b>288,000</b>	<b>2,500</b>	<b>400</b>	<b>23,957</b>	<b>26,545</b>
Revenue												
State Appropriations	382,316	150,000		900	100,000	2,531,535						
Federal Funds	378,178			6,100								
Non-Government Sponsored Programs								408,167				
Parent Fees	54,581	250,000		7,500				2,053	250			
Interest Investment Income	3,242			800				1,001				
Dividend Investment Income	750							10,000				
Fundraising and Other Income								421,221				
<b>Total Revenue</b>	<b>819,067</b>	<b>400,000</b>	<b>163,350</b>	<b>13,300</b>	<b>100,000</b>	<b>2,710,447</b>	<b>2,650,000</b>	<b>288,000</b>	<b>2,500</b>	<b>400</b>	<b>23,957</b>	<b>7,880,971</b>
<b>Gains</b>	<b>575</b>	<b>400,000</b>	<b>170,350</b>	<b>13,300</b>	<b>100,000</b>	<b>2,710,447</b>	<b>2,785,000</b>	<b>711,471</b>	<b>4,938</b>	<b>400</b>	<b>23,957</b>	<b>7,880,971</b>
<b>Total Support, Revenue and Gains</b>	<b>959,108</b>	<b>400,000</b>	<b>170,350</b>	<b>13,300</b>	<b>100,000</b>	<b>2,710,447</b>	<b>2,785,000</b>	<b>711,471</b>	<b>4,938</b>	<b>400</b>	<b>23,957</b>	<b>7,880,971</b>
<b>EXPENSES</b>												
Certificated Salaries:												
Teachers	84,324	130,000	1,250	1,500	21,000	309,556	1,502,500	553,014	1,500			
Administrative Supervisors	43,000	22,000		500	15,000	64,080	100,000	130,000	750			
Other	44,086	10,000	1,000									
Classified Salaries:												
Instructional Aides	54,419	43,000		500	5,000		100,000	130,000	750			
Clerical and Others	48,988	25,000	2,250	250	2,500		20,000	25,000	350			
Office Personnel	12,374	10,000	500			76,973	50,000					
Other	38,942	47,100	475	307	13,000	80,965	432,450	274,280	150			
Employee Benefits	943	1,000		50	500	2,439	25,000		50			
Books	28,558	3,000	5,200	250	1,000	23,078	50,000	32,500	150	370		
Instructional Supplies							5,000					
Pupil Transportation Supplies												
Food Services:												
Food	20,688		400	4,620				8,000				
Other Food Services	3,183		149,825	600				500				
Provider Payments						1,589,325						
Contracts for Personnel Services	266,467	2,375	100			188,491	15,000	30,400				
Travel and Conferences	77,563	30,000				71,937	166,500	12,000	140			
Contracts, Rentals and Leases	5,787	2,500				50,484	10,000	104,150				
Insurance	6,105	2,500	150	300		13,177	10,000	5,000				
Utilities	12,919	5,000				24,104	25,000	5,000	100			
Legal, Audit and Accounting			275	190		26,626	30,000	4,000				
Postage	4,790	2,200	1,900	400		34,223	3,500	1,900	75			
Printing						9,169	7,500	6,200	95			
Other Expenses	150					32,851	2,500	500				
Sites and Improvements	9,100	8,400	1,350	1,125		24,892	15,000		500			
Equipment	31,049	3,000	22,805	948			3,500					
Depreciation/Use Allowance	9,250											
Indirect Cost	62,250	26,250	10,514	960		75,500	204,050	14,500	390	30		
<b>Total Expenses</b>	<b>870,734</b>	<b>375,000</b>	<b>197,994</b>	<b>12,500</b>	<b>100,000</b>	<b>2,697,870</b>	<b>2,775,000</b>	<b>750,000</b>	<b>5,000</b>	<b>400</b>		<b>7,784,498</b>
Excess (Deficiency) of Support, Revenue and Gains over Expenses	88,374	25,000	(27,644)	2,800		12,577	10,000	(38,529)	(62)	0	23,957	96,473
Other Changes in Net Assets:												
Depreciation on Fixed Assets Acquisitions						(1,673)		(237)				(1,910)
<b>Change in Net Assets Before Cumulative Effect</b>	<b>\$ 88,374</b>	<b>\$ 25,000</b>	<b>\$ (27,644)</b>	<b>\$ 2,800</b>	<b>\$</b>	<b>\$ 10,904</b>	<b>\$ 10,000</b>	<b>\$ (38,766)</b>	<b>\$ (62)</b>	<b>\$ 0</b>	<b>\$ 23,957</b>	<b>\$ 94,563</b>
<b>Change in Accounting Principle</b>												

Note (1) - Appropriations from non-service, One-Time Only Grants are classified as support, not revenue, and the income is not earned per SFAS Nos. 116 and 117.

XYZ Child Development, Inc.  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 19X9

<u>Federal Grantor/ Pass Through Grantor/ Program Title:</u>	<u>CFDA Number:</u>	<u>Pass-Through Grantor's Number:</u>	<u>Program or Award Amount:</u>	<u>Revenue Recognized:</u>	<u>Disbursements/ Expenditures:</u>	<u>State Reserve Fund:</u>
<b>FEDERAL:</b>						
<b>Major Programs:</b>						
U.S. Department of Agriculture						
Pass-through California Department of Education						
<b>Nutrition Services Division:</b>						
Child and Adult Care Food Program - Center	10.558	Xx-xxxx-x-A	\$ 632,862	\$ 632,862	\$ 630,714	\$ -
Child and Adult Care Food Program - Homes	10.558	Xx-xxxx-x-F	<u>3,026,122</u>	<u>3,026,122</u>	<u>3,015,854</u>	-
			<u>3,658,984</u>	<u>3,658,984</u>	<u>3,646,568</u>	-
Child and Adult Food Program - Audit Cost	10.558	xx-xxxx-x-A/F	3,000	3,000	3,000	-
Reimbursement for 1997/98						
<b>Child Development Division:</b>						
Child Care and Development Block Grant (CCDBG)	93.757	FCTR-8xxx, 03617	350,008	350,008	350,008	171,037
<b>U.S. Department of Health and Human Services</b>						
Headstart	13.600	XxCHxxx/xx	<u>2,650,000</u>	<u>2,650,000</u>	<u>2,650,000</u>	-
			<u>6,661,992</u>	<u>6,661,992</u>	<u>6,649,576</u>	<u>171,037</u>
<b>Total Major Programs:</b>						
<b>Other Federal Programs:</b>						
<b>Nutrition Services Division:</b>						
U.S.D.A. Donated Food Commodities at FMV (CFDA 10.550 included in CDDA 10.558 Cluster)	10.558	Axxx-xx	25,100	25,100	25,100	-
<b>Child Development Division:</b>						
CCDBG Expansion Alternative Payment - Stage III CalWORKS	93.374	F3AP-8xxx, 03689	150,000	150,000	177,644	12,734
CCDBG Local Planning Council	93.374	FLPC-8xxx, 03780	<u>25,000</u>	<u>2,188</u>	<u>5,000</u>	-
<b>TOTAL FEDERAL</b>			<u>\$ 6,862,092</u>	<u>\$ 6,839,280</u>	<u>\$ 6,857,320</u>	<u>\$ 183,771</u>
<b>STATE:</b>						
<b>Pass-through California Department of Education:</b>						
Child Care Food Program - Center						
State Meal Reimbursement		Xx-xxxx-x-A	46,019	46,019	46,019	-
State Meal Reimbursement		Xx-xxxx-x-F	130,457	130,457	130,457	-
<b>Child Development Division:</b>						
General Center		GCTR-8xxx, 03254	384,720	380,024	396,972	22,049
Extended Day Care (Latchkey)		GLTK-8xxx, 03252	150,000	150,000	150,000	17,411
Before and After School Expansion		GSAC-7xxx	50,000	-	12,500	-
GCC Instructional Materials and Supplies		GIMS-7xxx, 03254	1,545	400	400	-
Preschool Sub-Contract, XYZ School District		GWAP-8xxx, 03038	100,000	100,000	100,000	-
<b>TOTAL STATE</b>			<u>862,741</u>	<u>806,900</u>	<u>836,348</u>	<u>39,460</u>
<b>TOTAL FEDERAL AND STATE</b>			<u>\$ 7,724,833</u>	<u>\$ 7,646,180</u>	<u>\$ 7,693,668</u>	<u>\$ 223,231</u>

Note: Maintenance of Effort funds of \$27,000 were received from the County of XYZ and expended on childrens' services in accordance with County and Child Development Division requirements

See accompanying Notes to the Supplementary Information

XYZ Child Development, Inc.  
**COMBINING SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES**  
For the Year Ended June 30, 19X9

	Center and Block Grant Child Development Programs	Latchkey Program	AP Block Grant Expansion Stage III CalWORKS	Before and After School Expansion	Block Grant Local Planning Council	Instructional Materials and Supplies	Total Costs
<b>Unit Cost Under \$10,000 Item:</b>							
Leasehold Improvements:							
Roof Repairs	\$ 1,125	\$ 500		\$ 1,125	\$	\$	\$ 2,250
Remodeling Cabinets		730					50
Carpet Repairs	730						1,460
Other Repairs			1,350				1,350
Interest on Financing Repairs of Licensable Community Facilities	245	170					41
<b>Total:</b>	<u>2,100</u>	<u>1,400</u>	<u>1,350</u>	<u>1,125</u>	<u></u>	<u></u>	<u>5,975</u>
<b>Unit Cost over \$10,000 with CDD Approval:</b>							
Item:							
Portable Trailers (2) for Licensable Community Facilities: Lease Payments - Principal	4,680	4,680					9,360
- Interest	<u>2,320</u>	<u>2,320</u>					<u>4,640</u>
<b>Total:</b>	<u>7,000</u>	<u>7,000</u>					<u>14,000</u>
<b>Unit Cost Over \$10,000 Without CDD Approval:</b>							
Item:							
<b>Total:</b>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
<b>Total Renovation and Repair Expenditures</b>	<u>\$ 9,100</u>	<u>\$ 8,400</u>	<u>\$ 1,350</u>	<u>\$ 1,125</u>	<u>\$</u>	<u>\$</u>	<u>\$19,975</u>

See Accompanying Notes to the Supplementary Information

XYZ Child Development, Inc.  
**COMBINING SCHEDULE OF EQUIPMENT EXPENDITURES**  
For the Year Ended June 30, 19X9

Item:	Center and Block Grant Child Development Programs	Latchkey Program	AP Block Grant Expansion Stage III CalWORKS	Before and After School Expansion	Preschool Sub- Contract XYZ School District	Block Grant Local Planning Council	Instructional Materials and Supplies	Total Costs
<b>Unit Cost Under \$7,500:</b>								
Fax Machines (2)	\$ 699	\$	\$ 699	\$	\$	\$	\$	\$ 1,398
Refrigerators (3)	572		400	572				1,544
Dishwashers (2)	604		604					1,208
Postage Meters (3)	130	130	130					390
12" Chairs (30)	500	125	125					750
IBM Typewriters (3 used)	150		150	150				450
Phone Upgrade	175		175					525
Printers (3)	499	499						1,323
Mail Sorter		375						375
Pentium Computers (3)	1,324	1,324	1,324					3,972
Colorado Tape Drive		321						321
Computer Workstation Screens (4)		226		226				452
<b>Total:</b>	<u>\$ 4,653</u>	<u>3,000</u>	<u>3,607</u>	<u>948</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>12,708</u>
<b>Unit Cost Over \$7,500 With CDD Approval</b>								
Phone System	\$ 7,570							7,570
Copier with Stacker and Sorter	<u>7,570</u>		<u>19,198</u>					<u>19,198</u>
<b>Total:</b>			<u>19,198</u>					<u>26,768</u>
<b>Unit Cost Over \$7,500 Without CDD Approval:</b>								
Chevy Lumina	<u>18,826</u>							<u>18,826</u>
<b>Total:</b>	<u>\$ 18,826</u>							<u>18,826</u>
<b>Total Equipment Expenditures</b>	<u>\$ 31,049</u>	<u>\$ 3,000</u>	<u>\$ 22,805</u>	<u>\$ 948</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 58,302</u>

See Accompanying Notes to the Supplementary Information



**XYZ Child Development, Inc.**  
**COMBINING SCHEDULE OF ADMINISTRATIVE COSTS**  
For the Year Ended June 30, 19X9

	Center and Block Grant Child Development Program \$	Latchkey Program \$	AP Block Grant Expansion Stage III CalWORKS \$	Before and After School Expansion \$	Preschool Sub- Contract XYZ School District \$	Block Grant Local Planning Council \$	Instructional Materials and Supplies \$	Total Costs \$
Prior, Multi-Year Contracts								
Current Year:								
Administrative Salaries - Office	18,599	11,750	599		500			31,448
Supervisor Salaries - Office	3,572	3,700	300	322	400			8,344
Employee Benefits	2,604	1,950	504		500			5,558
Payroll Taxes	2,000	1,329	110		120			3,559
Books and Supplies	1,130	1,130	130					2,390
Contractual Services	5,500	4,125	125		900			10,650
Audit and Legal	750	300	150	150	250			1,500
Travel and Conference	1,818	450				175		2,443
Rentals	2,499	499			700	325		4,023
Janitorial Equipment and Supplies	1,814		436					2,250
Insurance	858	395	331		575			2,159
Telephone and Utilities	1,010	420	362	68	640			2,500
Other Operating Costs	650	490	189		415			1,744
	<u>42,804</u>	<u>26,538</u>	<u>3,736</u>	<u>790</u>	<u>5,000</u>	<u>500</u>		<u>79,368</u>
Indirect Costs:								
- Administrative Activities @ 5% (Note 1.a)			4,253					4,253
- Other Related Child Care Costs (ORCCC), Direct services @ 8% maximum (Note 1.b)	62,250	26,250	6,261	960	7,000	390	30	103,141
Total Indirect Costs:	<u>62,250</u>	<u>26,250</u>	<u>10,514</u>	<u>960</u>	<u>7,000</u>	<u>390</u>	<u>30</u>	<u>107,394</u>
Total Administrative Costs	<u>\$ 105,054</u>	<u>\$ 52,788</u>	<u>\$ 14,250</u>	<u>\$ 1,750</u>	<u>\$ 12,000</u>	<u>\$ 890</u>	<u>\$ 30</u>	<u>\$ 186,762</u>

See Accompanying Notes to the Supplementary Information

**XYZ Child Development, Inc.**  
**COMBINING SCHEDULE OF EXPENDITURES BY STATE CATEGORIES**  
**For the Year Ended June 30, 19X9**

	Center and Block Grant Child Development Programs	Non- Reimbursable	Latchkey Program	AP Block Grant Expansion-Stage III CalWORKS	Before and After School Expansion	Preschool Sub- Contract XYZ School District	Block Grant Local Planning Council	Instructional Materials and Supplies	Total Reimbursable	Total Non- Reimbursable
<b>1000 CERTIFIED SALARIES</b>										
1100 Teachers' Salaries	\$ 82,124	\$ -	\$ 130,000	\$ 1,250	\$ 1,500	\$ 21,000	\$ 1,500	\$ -	\$ 237,374	\$ -
1200 Administration Salaries	43,000	-	22,000	-	500	-	-	-	65,500	-
1300 Supervisors' Salaries	44,086	-	10,000	-	-	15,000	750	-	69,836	-
1900 Other Certified Salaries	-	-	-	1,000	-	-	-	-	1,000	-
<b>2000 CLASSIFIED SALARIES</b>										
2100 Instructional Aides' Salaries	54,419	-	43,000	-	500	5,000	750	-	103,669	-
2300 Clerical and Other Office Salaries	48,988	-	25,000	2,250	250	2,500	350	-	79,338	-
2400 Maintenance/Operations Salaries	2,383	-	5,000	500	-	-	-	-	7,883	-
2500 Food Services Salaries	9,991	-	5,000	-	-	-	-	-	14,991	-
<b>3000 EMPLOYEE BENEFITS</b>										
3300 Social Security (Old Age, Survivor's Disability)	19,000	-	27,250	-	-	5,100	-	-	51,350	-
3400 Health and Welfare Benefits	10,320	-	12,350	200	157	4,100	75	-	27,202	-
3500 State Unemployment Benefits	3,115	-	5,300	275	150	2,300	75	-	11,215	-
3600 Workers Compensation Insurance	3,000	-	1,100	-	-	1,500	-	-	5,600	-
3900 Other Benefits	3,507	-	1,100	-	-	-	-	-	4,607	-
<b>4000 BOOKS, SUPPLIES AND EQUIPMENT</b>										
4200 Books Other than Textbooks	943	-	1,000	-	50	500	50	-	2,543	-
4300 Instructional Materials and Supplies	25,558	-	3,000	5,200	250	1,000	150	370	35,528	-
4600 Pupil Transportation Supplies	106	-	-	-	-	-	-	-	106	-
4710 Food	20,688	-	-	-	5,210	-	-	-	25,898	-
4790 Other Food Service Supplies	3,183	-	-	400	600	-	-	-	4,183	-
<b>5000 SERVICES AND OTHER OPERATING EXPENSES</b>										
5100 Contracts for Personnel Services	272,207	-	-	152,000	-	-	-	-	424,207	-
5200 Travel, Conferences and Other	4,743	-	5,000	100	-	-	310	-	10,153	-
5400 Insurance	5,787	-	2,500	-	-	4,500	-	-	12,787	-
5500 Utilities and Housekeeping	6,105	-	2,500	150	300	1,700	100	-	10,855	-
5600 Contracts, Rents and Leases	77,563	-	30,000	-	-	25,800	-	-	133,363	-
5700 Legal, Election and Audit	12,919	-	5,000	-	-	3,000	-	-	20,919	-
5800 Other Services and Operating Expenses	150	-	-	-	-	-	-	-	150	-
<b>6000 CAPITAL OUTLAY</b>										
6200 Buildings and Improvement of Buildings	9,100	-	8,400	1,350	1,125	-	-	-	19,975	-
6400 Equipment (Program-related)	31,049	18,826	3,000	22,805	948	-	500	-	58,302	18,826
START-UP/CLOSE-DOWN EXPENSES (1)	5,200	-	-	-	-	-	-	-	5,200	-
DEPRECIATION OR USE ALLOWANCE	9,250	-	1,250	-	-	-	-	-	10,500	-
INDIRECT COST	62,250	-	26,250	10,514	960	7,000	390	30	107,394	-
<b>TOTAL</b>	<b>\$ 870,734</b>	<b>\$ 18,826</b>	<b>\$ 375,000</b>	<b>\$ 197,994</b>	<b>\$ 12,500</b>	<b>\$ 100,000</b>	<b>\$ 5,000</b>	<b>\$ 400</b>	<b>\$ 1,561,628</b>	<b>\$ 18,826</b>

We have examined the claims filed for reimbursement and the original supporting records covering the transactions under these contracts to an extent considered necessary to assure ourselves that the amounts claimed by the agency were proper.

Note: (1) - Start-up costs are all capital outlay in nature.

See Accompanying Notes to the Supplementary Information

XYZ CHILD DEVELOPMENT, INC.  
CHILD AND ADULT CARE FOOD PROGRAM – CHILD CARE CENTERS  
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS AND EARNED REIMBURSEMENT  
FOR THE PERIOD JULY 1, 1998 TO JUN 30, 1999

**FIXED PERCENTAGE METHOD**

Federal Meal Compensation	MEALS		Food Service Rates		Revenue Recognized	Audit Adjustments*	Earned Reimbursement
	Reported	Adjusted**	Allowed	July 1997 - June 1998			
<b>Breakfast</b>							
Free	181,830	(12,113)	169,717	\$1.0725	\$195,012.68	(\$12,991.19)	\$182,021.49**
Reduced	3,482	619	4,101	0.7725	2,689.85	478.18	3,168.02**
Base	49,913	9,268	59,181	0.2000	9,982.60	1,853.60	11,836.20
<b>Total</b>	<b>235,225</b>	<b>(2,226)</b>	<b>232,999</b>		<b>\$207,685.13</b>	<b>(\$10,559.41)</b>	<b>\$197,025.70**</b>
<b>Lunch</b>							
Free	189,846	(12,586)	177,260	\$1.9425	\$368,775.86	(\$24,448.31)	\$344,327.55
Reduced	3,636	647	4,283	1.5425	5,608.53	998.00	6,606.53
Base	52,114	9,998	61,812	0.1800	9,380.52	1,745.64	11,126.16
<b>Total</b>	<b>245,596</b>	<b>(2,241)</b>	<b>243,355</b>		<b>\$383,764.91</b>	<b>(\$21,704.67)</b>	<b>\$362,060.24</b>
<b>Supplements</b>							
Free	175,354	(11,541)	163,813	\$0.5325	\$93,376.01	(\$6,145.58)	\$87,230.42**
Reduced	3,357	601	3,958	0.2675	898.00	160.77	1,058.77
Base	48,137	8,988	57,125	0.0400	1,925.48	359.52	2,285.00
<b>Total</b>	<b>226,848</b>	<b>(1,952)</b>	<b>224,896</b>		<b>\$96,199.49</b>	<b>(\$5,625.29)</b>	<b>\$90,574.19</b>
<b>Cash-in-lieu</b>	<b>245,596</b>	<b>(2,241)</b>	<b>243,355</b>	<b>\$0.1475</b>	<b>\$36,225.41</b>	<b>(\$330.55)</b>	<b>\$35,894.86</b>
<b>Total Federal Reimbursement</b>					<b>\$723,874.94</b>	<b>(\$38,319.92)</b>	<b>\$685,555.01**</b>
<b>State Meal Compensation</b>	<b>378,794</b>	<b>(23,433)</b>	<b>355,361</b>	<b>\$0.1335</b>	<b>\$50,569.00</b>	<b>(\$3,128.31)</b>	<b>\$47,440.69</b>
<b>Total Program Reimbursement (State and Federal) Overpaid - Refund due the State</b>						<b>(\$41,448.23)</b>	

**Footnotes:**

\*Adjustments are the result of: (1) eligibility category changes; (2) meal count errors; (3) meals served in excess of site licensed capacity.

\*\* Includes rounding adjustment

XYZ CHILD DEVELOPMENT, INC.  
CHILD AND ADULT CARER FOOD PROGRAM -- CHILD CARE CENTERS  
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED ENROLLMENT  
FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

FIXED PERCENTAGE METHOD

Enrollment	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Total</b>												
Reported	1220	1220	1220	1220	1220	1220	1220	1220	1220	1220	1220	1220
Adjusted	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Allowed	1020	1020	1020	1020	1020	1020	1020	1020	1020	1020	1020	1020
<b>Free</b>												
Reported	943	943	943	943	943	943	943	943	943	943	943	943
Adjusted	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Allowed	743	743	743	743	743	743	743	743	743	743	743	743
<b>Reduced</b>												
Reported	18	18	18	18	18	18	18	18	18	18	18	18
Adjusted	0	0	0	0	0	0	0	0	0	0	0	0
Allowed	18	18	18	18	18	18	18	18	18	18	18	18
<b>Base</b>												
Reported	259	259	259	259	259	259	259	259	259	259	259	259
Adjusted	0	0	0	0	0	0	0	0	0	0	0	0
Allowed	259	259	259	259	259	259	259	259	259	259	259	259

XYZ CHILD DEVELOPMENT, INC.  
CHILD AND ADULT CARE FOOD PROGRAM - CHILD CARE CENTERS  
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS  
FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

**FIXED PERCENTAGE METHOD**

	Jul 1, 1998 to Jul 31, 1998		Aug 1, 1998 to Aug 31, 1998		Sep 1, 1998 to Sep 30, 1998	
	Reported	Adjusted*	Reported	Adjusted*	Reported	Adjusted*
<b>Breakfast</b>						
Free	17,189	(1,137)	17,017	(1,109)	15,444	(1,036)
Reduced	329	59	326	58	296	52
Base	4,719	878	4,671	876	4,239	785
Total	<u>22,237</u>	<u>(200)</u>	<u>22,014</u>	<u>(175)</u>	<u>19,979</u>	<u>(199)</u>
<b>Lunch</b>						
Free	17,750	(1,162)	15,887	(1,063)	15,447	(1,036)
Reduced	340	61	304	54	296	52
Base	4,873	911	4,361	809	4,240	785
Total	<u>22,963</u>	<u>(190)</u>	<u>20,552</u>	<u>(200)</u>	<u>19,983</u>	<u>(199)</u>
<b>Supplements</b>						
Free	17,078	(1,095)	15,559	(1,007)	15,061	(869)
Reduced	327	59	298	54	288	55
Base	4,688	886	4,271	803	4,135	814
Total	<u>22,093</u>	<u>(150)</u>	<u>20,128</u>	<u>(150)</u>	<u>19,484</u>	<u>0</u>
	Oct 1, 1998 to Oct 30, 1998		Nov 1, 1998 to Nov 30, 1998		Dec 1, 1998 to Dec 31, 1998	
	Reported	Adjusted*	Reported	Adjusted*	Reported	Adjusted*
<b>Breakfast</b>						
Free	16,398	(1,059)	15,461	(1,020)	18,118	(1,181)
Reduced	314	57	296	53	347	62
Base	4,502	847	4,244	792	4,973	934
Total	<u>21,214</u>	<u>(155)</u>	<u>20,001</u>	<u>(175)</u>	<u>23,438</u>	<u>(185)</u>
<b>Lunch</b>						
Free	16,744	(1,079)	15,482	(1,021)	18,050	(1,176)
Reduced	321	58	296	53	346	62
Base	4,596	866	4,250	793	4,955	929
Total	<u>21,661</u>	<u>(155)</u>	<u>20,028</u>	<u>(175)</u>	<u>23,351</u>	<u>(185)</u>
<b>Supplements</b>						
Free	16,672	(1,075)	15,564	(1,026)	18,197	(1,184)
Reduced	319	58	298	53	348	63
Base	4,577	862	4,272	798	4,996	936
Total	<u>21,568</u>	<u>(155)</u>	<u>20,134</u>	<u>175</u>	<u>23,541</u>	<u>185</u>

## FIXED PERCENTAGE METHOD

**A-34**

XYZ CHILD DEVELOPMENT, INC.  
CHILD AND ADULT CARE FOOD PROGRAM - DAY CARE HOMES  
SCHEDULE OF REPORTED, ADJUSTED,  
ALLOWED MEALS, SITES AND EARNED REIMBURSEMENT  
FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

<u>FEDERAL REIMBURSEMENT</u>	Reported	Adjusted Meals	Allowed	Food Service Rates	Revenue Recognized	Audit Adjustment	Earned Reimbursement
<u>Meal Compensation - Tier I</u> ✓							
Breakfast	769,440	(769,440)	0 ✓	\$0.9000 ✓	\$692,496.00	(\$692,496.00)	\$0
Lunch	574,150	(574,150)	0	1.5025 ✓	862,660.38	(862,660.38)	0
Supplement	1,538,971	(1,538,971)	0	0.4900 ✓	754,095.79	(754,095.79)	0
Supper	460,158	(460,158)	0	1.5025 ✓	691,387.40	(691,387.40)	0
Federal Meal Compensation					<u>\$3,000,639.57</u>	<u>(\$3,000,639.57)</u>	<u>\$0</u>

<u>FEDERAL REIMBURSEMENT</u>	Reported	Adjusted Meals	Allowed	Food Service Rates	Revenue Recognized	Audit Adjustment	Earned Reimbursement
<u>Meal Compensation - Tier II</u> ✓							
Breakfast	0	769,440	769,440	0.3400 ✓	\$0	\$261,609.60	\$261,609.60
Lunch	0	573,750	573,750	0.8525 ✓	0	489,121.88	489,121.88
Supplement	0	1,538,971	1,538,971	0.1300 ✓	0	200,066.23	200,066.23
Supper	0	459,758	459,758	0.8525 ✓	0	391,943.70	391,943.70
Subtotal					<u>\$0</u>	<u>\$1,342,741.41</u>	<u>\$1,342,741.41</u>
Total Federal Meal Compensation					<u>\$3,000,639.57</u>	<u>(\$1,657,898.16)</u>	<u>\$1,342,741.41</u>

Cash-in-Lieu	1,034,308	(800)	1,033,508	0.1475	152,560.43	(118.00)	152,442.43
Total Allowable Administrative Reimbursements					533,670.00	(154,449.23)	379,220.77
Total Federal Reimbursement					<u>\$3,686,870.00</u>	<u>(\$1,812,465.39)</u>	<u>\$1,874,404.61</u>
STATE MEAL COMPENSATION	1,007,693	(300)	1,007,393	0.1335	\$134,527.02	(\$40.05)	\$134,486.97
Total Federal and State Reimbursement: Overpaid-- Refund Due the State						<u>(\$1,812,505.44)</u>	

Footnote:

\*Adjusted meals are the result of the following actions: reclassifying enrolled children from Tier I to Tier II, attendance and meal count errors and meal production noncompliance.

XYZ CHILD DEVELOPMENT, INC.  
CHILD AND ADULT CARE FOOD PROGRAM – DAY CARE HOMES  
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS AND HOMES  
FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

**TIER I**

**TIER II**

July 1, 1998 to July 31, 1998

<u>Meal Type</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>
Breakfast	40,987	(40,987)	0	0	40,987	40,987
Lunch	30,987	(30,987)	0	0	30,587	30,587
Supplement	81,974	(81,974)	0	0	81,974	81,974
Supper	51,288	(51,288)	0	0	50,888	50,888
<b>Homes</b>	<b>887</b>	<b>0</b>	<b>887</b>			

August 1, 1998 to August 31, 1998

<u>Meal Type</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>
Breakfast	41,236	(41,236)	0	0	41,236	41,236
Lunch	51,000	(51,000)	0	0	51,000	51,000
Supplement	82,472	(82,472)	0	0	82,472	82,472
Supper	21,236	(21,236)	0	0	21,236	21,236
<b>Homes</b>	<b>891</b>	<b>0</b>	<b>891</b>			

September 1, 1998 to September 30, 1998

<u>Meal Type</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>
Breakfast	48,090	(48,090)	0	0	48,090	48,090
Lunch	32,500	(32,500)	0	0	32,500	32,500
Supplement	96,180	(96,180)	0	0	96,180	96,180
Supper	58,010	(58,010)	0	0	58,010	58,010
<b>Homes</b>	<b>880</b>	<b>0</b>	<b>880</b>			

**Footnote:**

\*Adjusted meals are the result of the following actions: reclassifying enrolled children from Tier I to Tier II, attendance and meal count errors and meal production noncompliance.



XYZ CHILD DEVELOPMENT, INC  
CHILD AND ADULT CARE FOOD PROGRAM – DAY CARE HOMES  
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS AND HOMES  
FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

**TIER I**

**TIER II**

October 1, 1998 to October 31, 1998

<u>Meal Type</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>
Breakfast	56,908	(56,908)	0	0	56,908	56,908
Lunch	46,500	(46,500)	0	0	46,500	46,500
Supplement	113,816	(113,816)	0	0	113,816	113,816
Supper	43,557	(43,557)	0	0	43,557	43,557
<b>Homes</b>	<b>892</b>	<b>0</b>	<b>892</b>			

November 1, 1998 to November 30, 1998

<u>Meal Type</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>
Breakfast	60,987	(60,987)	0	0	60,987	60,987
Lunch	30,888	(30,888)	0	0	30,888	30,888
Supplement	121,974	(121,974)	0	0	121,974	121,974
Supper	48,567	(48,567)	0	0	48,567	48,567
<b>Homes</b>	<b>910</b>	<b>0</b>	<b>910</b>			

December 1, 1998 to December 31, 1998

<u>Meal Type</u>	<u>Reported</u>	<u>Adjusted</u>	<u>Allowed</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>
Breakfast	45,678	(45,678)	0	0	45,678	45,678
Lunch	38,978	(38,978)	0	0	38,978	38,978
Supplement	91,356	(91,356)	0	0	91,356	91,356
Supper	32,678	(32,678)	0	0	32,678	32,678
<b>Homes</b>	<b>924</b>	<b>0</b>	<b>924</b>			

**Footnote:**

\*Adjusted meals are the result of the following actions: reclassifying enrolled children from Tier I to Tier II, attendance and meal count errors and meal production noncompliance.

XYZ CHILD DEVELOPMENT, INC  
CHILD AND ADULT CARE FOOD PROGRAM -- DAY CARE HOMES  
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS AND SITES  
FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

**TIER I**

**TIER II**

January 1, 1999 to January 31, 1999

<u>Meal Type</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>
Breakfast	67,890	(67,890)	0	0	67,890	67,890
Lunch	49,876	(49,876)	0	0	49,876	49,876
Supplement	135,780	(135,780)	0	0	135,780	135,780
Supper	27,654	(27,654)	0	0	27,654	27,654
<b>Homes</b>	<b>931</b>	<b>0</b>	<b>931</b>			

February 1, 1999 to February 28, 1999

<u>Meal Type</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>
Breakfast	75,098	(75,098)	0	0	75,098	75,098
Lunch	52,326	(52,326)	0	0	52,326	52,326
Supplement	150,196	(150,196)	0	0	150,196	150,196
Supper	26,543	(26,543)	0	0	26,543	26,543
<b>Homes</b>	<b>942</b>	<b>0</b>	<b>942</b>			

March 1, 1999 to March 31, 1999

<u>Meal Type</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>
Breakfast	78,907	(78,907)	0	0	78,907	78,907
Lunch	58,765	(58,765)	0	0	58,765	58,765
Supplement	157,814	(157,814)	0	0	157,814	157,814
Supper	35,789	(35,789)	0	0	35,789	35,789
<b>Homes</b>	<b>941</b>	<b>0</b>	<b>941</b>			

**Footnote:**

\*Adjusted meals are the result of the following actions: reclassifying enrolled children from Tier I to Tier II, attendance and meal count errors and meal production noncompliance.

XYZ CHILD DEVELOPMENT, INC  
CHILD AND ADULT CARE FOOD PROGRAM – DAY CARE HOMES  
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS AND HOMES  
FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

**TIER I**

**TIER II**

April 1, 1999 to April 30, 1999

<u>Meal Type</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>
Breakfast	79,987	79,987	0	0	79,987	79,987
Lunch	58,065	58,065	0	0	58,065	58,065
Supplement	159,975	159,975	0	0	159,975	159,975
Supper	35,001	35,001	0	0	35,001	35,001
<b>Homes</b>	<b>915</b>	<b>0</b>	<b>915</b>			

May 1, 1999 to May 31, 1999

<u>Meal Type</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>
Breakfast	80,895	(80,895)	0	0	80,895	80,895
Lunch	59,876	(59,876)	0	0	59,876	59,876
Supplement	161,880	(161,880)	0	0	161,880	161,880
Supper	36,547	(36,547)	0	0	36,547	36,547
<b>Homes</b>	<b>910</b>	<b>0</b>	<b>910</b>			

June 1, 1999 to June 30, 1999

<u>Meal Type</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>	<u>Reported</u>	<u>*Adjusted</u>	<u>Allowed</u>
Breakfast	92,777	(92,777)	0	0	92,777	92,777
Lunch	64,389	(64,389)	0	0	64,389	64,389
Supplement	185,554	(185,554)	0	0	185,554	185,554
Supper	43,288	(43,288)	0	0	43,288	43,288
<b>Homes</b>	<b>903</b>	<b>0</b>	<b>903</b>			

**Footnote:**

\*Adjusted meals are the result of the following actions: reclassifying enrolled children from Tier I to Tier II, attendance and meal count errors, and meal production noncompliance.

XYZ CHILD DEVELOPMENT, INC.  
CHILD AND ADULT CARE FOOD PROGRAM - DAY CARE HOMES  
DETERMINATION OF ALLOWABLE ADMINISTRATIVE REIMBURSEMENT  
FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

A. Reimbursement Rates Calculation

Number of Homes	Reported Homes	Adjusted Homes	Allowed Homes	Day Care Home Adm. Payment Rates	Total
0-50	600	0	600	\$76	\$45,600.00
51-200	1,800	0	1,800	58	104,400.00
201-1000	8,526	0	8,526	45	383,670.00
> 1000	0	0	0	40	0.00
Total Homes Times Applicable Rates					<u>\$533,670.00</u>
B. Net Administrative Costs Allowed (From Schedule of Allowed Administrative Costs)					<u>\$379,220.77</u>
C. Total Approved Administrative Budget					<u>\$537,996.00</u>

(1) Total Allowable Reimbursements <u>Fed. Meal &amp; State Meal</u>	(2) Lesser of Costs, Budget or Homes (A, B or C)	Sum of Column (1) and (2)	Applicable Rate
\$1,629,670.81	\$379,220.77	\$2,008,891.58	X 30%
			<u>\$602,667.47</u>
D.			
E. Total Allowable Administrative Reimbursement (Lesser of line A, B, C or D)			<u>\$379,220.77</u>

XYZ CHILD DEVELOPMENT, INC.  
CHILD AND ADULT CARE FOOD PROGRAM -- DAY CARE HOMES  
SCHEULE OF REPORTED, ADJUSTED AND  
ALLOWED ADMINISTRATIVE INCOME  
FOR THE PERIOD OF JULY 1, 1998 TO JUNE 30, 1999

<u>Period</u>	<u>Reported*</u>	<u>Adjusted</u>	<u>Allowed</u>
July	\$2,149.92	\$(11.66) <sup>(1)</sup>	\$2,138.26
August	2,770.54	1,030.00 <sup>(3)</sup>	3,800.54
September	2,420.74	1,878.15 <sup>(3)</sup>	4,298.89
October	3,106.12	0.00	3,106.12
November	2,759.69	5,000.00 <sup>(3)</sup>	7,759.69
December	2,542.85	0.00	2,542.85
January	3,537.40	2,000.00 <sup>(3)</sup>	5,537.40
February	3,827.50	0.00	3,827.50
March	4,135.32	564.30 <sup>(3)</sup>	4,699.62
April	4,146.74	0.00	4,146.74
May	4,228.41	0.00	4,228.42
June	4,720.85	111.66 <sup>(2)</sup>	4,832.51
	<u>\$40,346.08</u>	<u>\$10,572.45</u>	<u>\$50,918.53</u>

Footnotes:

\*Retained 30% of State Meal Compensation

(1) Disallowed breakfast and lunch meals

(2) Interest income earned

(3) Other income

XYZ CHILD DEVELOPMENT, INC.  
CHILD AND ADULT CARE FOOD PROGRAM -- DAY CARE HOMES  
DETERMINATION OF REPORTED ADJUSTED AND ALLOWED COST  
FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

Summary of Reported and Allowed Administrative Costs

Period	Reported Cost	Audit Adjustments	Budget Deficit Adjustments	Allowed Cost
July	\$37,926.00	(\$3,845.98)	(\$6,458.67)	\$27,621.35
August	43,554.00	(3,869.23)	(6,458.67)	33,226.10
September	43,574.00	(5,794.60)	(6,458.67)	31,320.73
October	64,456.00	(5,918.10)	(6,458.67)	53,079.23
November	32,073.00	(3,215.31)	(6,458.67)	22,399.02
December	39,961.00	(3,461.26)	(6,458.67)	30,041.07
January	47,136.00	(4,537.71)	(6,458.67)	36,139.62
February	42,357.00	(3,273.06)	(6,458.67)	32,625.27
March	40,845.00	(3,457.08)	(6,458.67)	30,929.25
April	39,799.00	(3,680.82)	(6,458.67)	29,659.25
May	51,673.00	(3,304.65)	(6,458.67)	41,909.68
June	70,665.00	(3,017.86)	(5,458.67)	61,188.47
Totals	<u>\$554,019.00</u>	<u>(\$47,375.66)</u>	<u>(\$76,504.00)*</u>	<u>\$430,139.30**</u>
State Meal Compensation Funds Retained by Sponsor (0 to 30%)				(40,346.08)
Other Income				(10,572.45)
Net Administrative Costs				<u>\$379,220.77</u>

Note:

\*Includes rounding adjustment .04.

\*\* Includes rounding adjustment (.04)

XYZ CHILD DEVELOPMENT, INC.  
CHILD AND ADULT CARE FOOD PROGRAM - DAY CARE HOMES  
FOR THE PERIOD JULY 1, 1998 TO JUNE 30 1999

<b>Determination of Budget Deficit (Adjustments)</b>				
<b>Category</b>	<b>Approved Budget</b>	<b>Actual Cost</b>	<b>Budget Deficit</b>	<b>Budget Savings</b>
<b>Administrative Labor</b>				
Salaries	\$276,978.00	\$309,556.00	\$32,578.00	\$0.00
Benefits	90,624.00	31,854.00	0.00	58,770.00
<b>Administrative Supplies</b>				
Equipment purchased under \$5,000	300.00	15,649.00	15,349.00	0.00
Equipment purchased \$5,000 and over	11,954.00	9,243.00	0.00	2,711.00
Office supplies	0.00	0.00	0.00	0.00
Postage	29,980.00	34,223.00	4,243.00	0.00
Printing	7,680.00	9,169.00	1,489.00	0.00
<b>Administrative Services</b>				
Office space	37,200.00	37,200.00	0.00	0.00
Utilities and communication	9,120.00	12,012.00	2,892.00	0.00
Vehicle lease	12,720.00	13,284.00	564.00	0.00
Equipment Lease	0.00	0.00	0.00	0.00
Contract services	0.00	0.00	0.00	0.00
Training	0.00	0.00	0.00	0.00
Advertising	0.00	0.00	0.00	0.00
Dues, subscriptions memberships	0.00	0.00	0.00	0.00
Insurance premiums	0.00	0.00	0.00	0.00
License related expenses	0.00	0.00	0.00	0.00
<b>Administrative Expenses</b>				
Program activities	0.00	0.00	0.00	0.00
In-state workshops	48,240.00	55,161.00	6,921.00	0.00
Out-of-state conference	0.00	0.00	0.00	0.00
<b>Miscellaneous Expenses</b>				
Other	13,200.00	26,668.00	13,468.00	0.00
<b>Total</b>	<b>\$537,996.00</b>	<b>\$554,019.00</b>	<b>\$77,504.00</b>	<b>\$61,481.00</b>

XYZ CHILD DEVELOPMENT, INC.  
 DETERMINATION OF ALLOWED PROVIDER PAYMENTS  
 (FEDERAL AND STATE)  
 FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999

Period	Allowed Federal Funds Owed Providers	Allowed State Funds Owed Providers	Total Allowed Funds Owed Providers	Total Funds Paid Providers	Total Funds Underpaid (Overpaid)
July	\$106,067.20	\$5,016.49	\$111,083.69	\$217,853.79	(\$106,770.10)
August	96,977.60	6,464.59	103,442.19	203,177.67	(99,735.48)
September	119,364.00	5,648.40	125,012.40	245,399.10	(120,386.70)
October	124,201.80	7,247.61	131,449.41	262,828.70	(131,379.29)
November	116,047.20	6,439.27	122,486.47	252,195.58	(129,709.11)
December	99,062.80	5,933.33	104,996.13	210,040.37	(105,044.24)
January	118,264.00	8,253.92	126,517.92	263,811.62	(137,293.70)
February	123,927.80	8,930.83	132,858.63	280,248.92	(147,390.29)
March	141,898.20	9,649.09	151,547.29	314,008.35	(162,461.06)
April	141,058.33	9,675.72	150,734.05	313,610.67	(162,876.62)
May	144,971.70	9,866.29	154,837.99	321,090.94	(166,252.95)
June	163,343.20	11,015.37	174,358.57	363,103.18	(188,744.61)
Totals	\$1,495,183.83	\$94,140.91	\$1,589,324.74	\$3,247,368.89	(\$1,658,044.15)

Footnotes:

\*Overpayment is attributed to funds paid day care home providers based on Tier I instead of Tier II meals, attendance and meal count errors and meal production noncompliance.



**XYZ Child Development, Inc.**  
**GENERAL CENTER PROGRAM**  
**GCTR-8XXX**  
**SCHEDULE OF CHILD ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 19X9**

<u>Report Period</u>	<u>Certified Families</u>					<u>Noncertified</u>	
	<u>Total Days of Operation</u>	<u>Total Days of Enrollment</u>	<u>Total Days of Attendance</u>	<u>Total Adjusted Days of Enrollment</u>	<u>Average Daily Enrollment</u>	<u>Percent of Attendance</u>	<u>Total Adjusted Days of Enrollment</u>
July - September	64	13,115	13,046	14,496.40	204.92	99%	2,818.05
October - December	62	12,054	11,951	12,033.98	194.42	99%	2,725.97
January - March	60	11,257	11,208	11,039.27	187.62	100%	2,641.92
April - June	<u>64</u>	<u>12,517</u>	<u>12,324</u>	<u>12,996.85</u>	<u>195.58</u>	<u>95%</u>	<u>2,069.33</u>
Totals	<u>250</u>	<u>48,943</u>	<u>48,529</u>	<u>50,566.50</u>	<u>195.77</u>	<u>99%</u>	<u>10,255.27</u>

Attendance records are being maintained in accordance with the requirements of the California Department of Education, Child Development Division; and the original supporting records covering child attendance, such as sign-in, sign-out sheets and daily attendance records agree with the child attendance data reported for apportionment purposes.

**SAMPLE RESULTS:**

1. The audit sample results indicated that the subsidized families were charged approximately the same fees for service as the non-subsidized families.
2. From our sample of children's files, and CD-9400's, we considered that parent fees were assessed correctly and the fees were collected and recorded properly.
3. We found nothing in our samples to indicate that support services to subsidized children and their families, as needed pursuant to the funding terms and conditions, were not available.

**XYZ Child Development, Inc.  
 CCD BLOCK GRANT - CENTER  
 FCTR-8XXX  
 SCHEDULE OF CHILD ATTENDANCE  
 FOR THE YEAR ENDED JUNE 30, 19X9**

<u>Report Period</u>	<u>Certified Families</u>					<u>Noncertified</u>	
	<u>Total Days of Operation</u>	<u>Total Days of Enrollment</u>	<u>Total Days of Attendance</u>	<u>Total Adjusted Days of Enrollment</u>	<u>Average Daily Enrollment</u>	<u>Percent of Attendance</u>	<u>Total Adjusted Days of Enrollment</u>
July - September	64	7,463	6,990	6,770.31	116.61	94%	0
October - December	62	7,572	7,469	4,910.65	120.19	99%	0
January - March	60	7,483	7,413	4,697.76	122.67	99%	0
April - June	<u>64</u>	<u>7,241</u>	<u>7,081</u>	<u>5,478.38</u>	<u>113.14</u>	<u>98%</u>	<u>0</u>
Totals	<u>250</u>	<u>29,759</u>	<u>28,953</u>	<u>21,857.10</u>	<u>118.15</u>	<u>98%</u>	<u>0</u>

Attendance records are being maintained in accordance with the requirements of the California Department of Education, Child Development Division; and the original supporting records covering child attendance, such as sign-in, sign-out sheets and daily attendance records agree with the child attendance data reported for apportionment purposes.

**SAMPLE RESULTS:**

1. We found nothing in our samples to indicate that support services to subsidized children and their families, as needed pursuant to the funding terms and conditions, were not available.

**XYZ Child Development, Inc.**  
**EXTENDED DAY CARE (LATCHKEY) PROGRAM**  
**GLTK-8XXX**  
**SCHEDULE OF CHILD ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 19X9**

<u>Report Period</u>	Certified Families					All Families	
	<u>Total Days of Operation</u>	<u>Total Hours of Enrollment</u>	<u>Total Hours of Attendance</u>	<u>Total Adjusted Hours of Enrollment</u>	<u>Average Hourly Enrollment</u>	<u>Percent of Attendance</u>	<u>Total Adjusted Hours of Enrollment</u>
July - September	62	30,500	30,300	30,500.00	-	99%	60,000
October - December	60	15,000	14,900	15,000.00	-	99%	40,000
January - March	61	15,000	14,900	15,000.00	-	100%	40,000
April - June	<u>64</u>	<u>30,500</u>	<u>30,400</u>	<u>30,500.00</u>	<u>-</u>	<u>95%</u>	<u>60,000</u>
Totals	<u>247</u>	<u>91,000</u>	<u>90,500</u>	<u>91,000.00</u>	<u>-</u>	<u>99%</u>	<u>200,000</u>

Attendance records are being maintained in accordance with the requirements of the California Department of Education, Child Development Division; and the original supporting records covering child attendance such as sign-in, sign-out sheets and daily attendance records, to agree with the child attendance data reported for apportionment purposes.

**SAMPLE RESULTS:**

1. The audit sample results indicated that the subsidized families were charged approximately the same fees for service as the non-subsidized families.
2. From our sample of children's files, and CD-9400's, we considered that parent fees were assessed correctly and the fees were collected and recorded properly.
3. We found nothing in our samples to indicate that support services to subsidized children and their families, as needed pursuant to the funding terms and conditions, were not available.

**XYZ Child Development, Inc.**  
**BEFORE AND AFTER SCHOOL - GCC EXPANSION**  
**- 10/01/97 to 09/30/99**  
**GSAC-7XXX**  
**SCHEDULE OF CHILD ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 19X9**

<u>Report Period</u>	Certified Families					Noncertified	
	<u>Total Days of Operation</u>	<u>Total Days of Enrollment</u>	<u>Total Days of Attendance</u>	<u>Total Adjusted Days of Enrollment</u>	<u>Average Daily Enrollment</u>	<u>Percent of Attendance</u>	<u>Total Adjusted Days of Enrollment</u>
July - September	30	404	383	291.26	13.46	94.8	62.95
October - December	40	538	516	388.35	13.45	95.9	83.93
January - March	50	673	652	485.43	13.46	95.6	104.92
April - June	<u>64</u>	<u>865</u>	<u>819</u>	<u>621.36</u>	<u>13.52</u>	<u>94.7</u>	<u>134.30</u>
Totals	<u>184</u>	<u>2,480</u>	<u>2,370</u>	<u>1,786.40</u>	<u>13.48</u>	<u>95.6</u>	<u>386.10</u>

Attendance records are being maintained in accordance with the requirements of the California Department of Education, Child Development Division; and the original supporting records covering child attendance, such as sign-in, sign-out sheets and daily attendance records agree with the child attendance data reported for apportionment purposes.

**SAMPLE RESULTS:**

1. The audit sample results indicated that the subsidized families were charged approximately the same fees for service as the non-subsidized families.
2. From our sample of children's files, and CD-9400's, we considered that parent fees were assessed correctly and the fees were collected and recorded properly.
3. We found nothing in our samples to indicate that support services to subsidized children and their families, as needed pursuant to the funding terms and conditions, were not available.

**XYZ Child Development, Inc.**  
**PRESCHOOL – SUB-CONTRACT, XYZ SCHOOL DISTRICT**  
**GWAP-8XXX**  
**SCHEDULE OF CHILD ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 19X9**

<u>Report Period</u>	Certified Families				Noncertified		
	<u>Total Days of Operation</u>	<u>Total Days of Enrollment</u>	<u>Total Days of Attendance</u>	<u>Total Adjusted Days of Enrollment</u>	<u>Average Daily Enrollment</u>	<u>Percent of Attendance</u>	<u>Total Adjusted Days of Enrollment</u>
July – September	64	1,772	1,711	1,772	27	97%	0
October - December	62	1,718	1,665	1,718	28	97%	0
January - March	60	1,600	1,564	1,600	27	98%	0
April - June	<u>64</u>	<u>1,835</u>	<u>1,780</u>	<u>1,835</u>	<u>25</u>	<u>97%</u>	<u>0</u>
Totals	<u>250</u>	<u>6,925</u>	<u>6,720</u>	<u>6,925</u>	<u>107</u>	<u>97%</u>	<u>0</u>

Attendance records are being maintained in accordance with the requirements of the California Department of Education, Child Development Division; and the original supporting records covering child attendance, such as sign-in, sign-out sheets and daily attendance records agree with the child attendance data reported for apportionment purposes.

**SAMPLE RESULT:**

1. We found nothing in our samples to indicate that support services to subsidized children and their families, as needed pursuant to the funding terms and conditions, were not available.

Auditor's Letterhead

**Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of Financial Statements Performed in  
Accordance With Government Auditing Standards**

Board of Directors  
XYZ Child Development, Inc.

We have audited the financial statements of **XYZ Child Development, Inc.** as of and for the year ended June 30, 19X9, and have issued our report thereon dated September XX, 19X9. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in **Government Auditing Standards** issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether XYZ Child Development, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under **Government Auditing Standards** which are described in the accompanying schedule of findings and questioned costs as items, 99-1, and 99-2 and 99-3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered XYZ Child Development, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect XYZ Child Development, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item, 99-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of XYZ Child Development, Inc. in a separate letter dated September xx, 19X9.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Bean, Bean & Counter  
Certified Public Accountants

September XX, 19X9

## Auditor's Letterhead

### **Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133**

Board of Directors  
XYZ Child Development, Inc.

#### Compliance

We have audited the compliance of **XYZ Child Development, Inc.** with the types of compliance requirements described in the **U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement** that are applicable to each of its major federal programs for the year ended June 30, 19X9. XYZ Child Development, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of XYZ Child Development, Inc.'s management. Our responsibility is to express an opinion on XYZ Child Development, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in **Government Auditing Standards** issued by the Comptroller General of the United States; and OMB Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about XYZ Child Development, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Our audit does not provide a legal determination on XYZ Child Development, Inc.'s compliance with those requirements.

In our opinion, XYZ's Child Development, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 19X8. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 99-6 and 99-7.

#### Internal Control Over Compliance

The management of XYZ Child Development, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered XYZ Child Development, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect XYZ Child Development, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items, 99-6 and 99-7.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 99-6 to be a material weakness.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Bean, Bean & Counter  
Certified Public Accountants

September XX, 19X9

Agency Name: XYZ Child Development, Inc.

Vendor Number: A123

Program Name: General Fund

Contract Number: GCTR-8XXX

Worksheet Type: Center-Based

Audited Final Reimbursement Calculation

Fiscal Year Ended June 30, 19X9

1. Total Costs (includes Start-Up)	\$870,734	
2. Restricted Income:		
a. Child Care Food Program	\$23,170	
b. State Meal Allowance	\$2,292	
c. Private Foundation Rent Subsidy	\$60,000	
d. Donations	\$2,500	
e. Other - United Way	\$41,966	
f. Other - Maintenance of Effort Not Earned as Private Child Fees	\$27,000	
g. Other - CACFP Audit Cost Reimbursement	\$3,000	
h. CACFP U.S.D.A Food Commodities	\$5,000	
i. Other - Donated Foods	\$2,500	
j. In-Kind Contributions	\$2,500	
Total Restricted Income	\$169,928	
3. Non-Reimbursable Costs:		
a. Capital Outlay	\$0	
b. Migrant Specialized Services Supplement	\$0	
c. Questioned Cost - Auto and equipment acquired without CDD approval	\$18,826	
d. Depreciation	\$0	
e. Costs in Line 1 Paid From Funds Not Listed in Line 2 (Specify)	\$0	
f. Other - Excess Indirect Costs on Capital Outlay expenditures	\$1,939	
g. Other (Specify)	\$0	
Total Non-Reimbursable Costs	\$20,765	
4. Net Costs (Line 1 - Line 2 - Line 3)	\$680,041	
5. Administrative Costs:		
a. Actual Costs	\$105,054	
b. Maximum Allowable (Line 4 * 15%)	\$102,006	
c. Excess Administrative Costs (Line 5a - Line 5b; if < 0, then 0)	\$3,048	
6. Start-Up Costs:		
a. Actual Costs	\$5,200	
b. Maximum Start-Up Per Contract	\$4,500	
c. Allowable Start-Up Costs (Lesser of Line 6a or 6b)	\$4,500	
7. Adjusted Net Costs (Line 4 - Line 5c - Line 6c)	\$672,493	
8. Adjusted Program Child Days of Enrollment (CDE) Percentage:		
a. Program Certified CDE	50,566.50	Days
b. Total Commingled CDE	82,678.87	Days
c. Percent Program Certified (Line 8a / Line 8b)	61.1601%	
9. Net Reimbursable Costs:		
a. Program Reimbursable Costs (Line 8c * Line 7) + Line 6c	\$415,798	
b. Transfer from the Child Development Reserve Fund	\$0	
c. Net Reimbursable Costs (Line 9a - Line 9b)	\$415,798	

<b>10. Days of Operation Adjustment Factor:</b>		
a. Actual Days of Operation	250	Days
b. Minimum Days of Operation Per Contract	250	Days
c. Actual Days of Operation Percentage (Line 10a / Line 10b)	100.0000%	
d. Two Percent Flexibility if Line 10c = 98% or more, Maximum = 100%	100.0000%	
<b>11. Total Adjusted Maximum Reimbursable Amount (MRA):</b>		
a. MRA per Contract	\$380,024	
b. Operational MRA (Line 11a - Line 6c)	\$375,524	
c. Operational MRA Adjusted for Days of Operation (Line 11b * Line 10d)	\$375,524	
d. Total Adjusted MRA (Line 11c + Line 6c)	\$380,024	
<b>12. Attendance Flexibility Factor:</b>		
a. Total Actual Days of Attendance	48529	Days
b. Total Actual Days of Enrollment	48943	Days
c. Attendance Percentage (Line 12a / Line 12b)	99.1541%	
d. Five Percent Flexibility, Maximum = 100 Percent	100.0000%	
<b>13. Child Days of Enrollment Earnings:</b>		
a. Reimbursement Rate per Contract	\$23.4700	
b. Total Earnings (Line 8a * Line 13a)	\$1,186,796	
c. Earnings Adjusted for Attendance ((Line 13b * Line 12d) + Line 6c)	\$1,191,296	
<b>14. Reimbursable Costs (Lesser of Line 9c or Line 13c)</b>	<b>\$415,798</b>	
<b>15. Parent Fees and Interest:</b>		
a. Subsidized Parent Fees	\$54,581	
b. Interest Income	\$3,242	
c. Total Parent Fees and Interest (Lines 15a + Line 15b)	\$57,823	
<b>16. Fiscal Year Earnings (Line 14 - Line 15c)</b>	<b>\$357,975</b>	
<b>17. Fiscal Year Reimbursable Earnings (Lesser of Line 16 or Line 11d)</b>	<b>\$357,975</b>	
<b>18. Transfer to Child Development Reserve (from worksheet cbreserve #3)</b>	<b>\$22,049</b>	
<b>19. Apportionments to Date</b>	<b>\$384,720</b>	
<b>20. Balance Due Agency from the State [(Line 17 + Line 18) - Line 19]</b>	<b>\$0</b>	
<b>21. Balance Owed to the State:</b>		
a. Total Owed to the State [Line 19 - (Line 17+ Line 18)]	\$4,696	
b. Apportionment Above Adjusted MRA (Line 19 - Line 11d)	\$4,696	
c. Unearned Reimbursement (Line 21a - Line 21b)	\$0	
d. Interest Billing (Lesser of Line 15b or Line 21c)	\$0	
e. Contract Billing (Line 21a - Line 21d)	\$4,696	

Agency Name: XYZ Child Development, Inc.

Vendor Number: A123

Program Name: Child Care and Development Fund

Contract Number: FCTR-8XXX

Worksheet Type: Center-Based

Audited Final Reimbursement Calculation

Fiscal Year Ended June 30, 19X9

1. Total Costs (includes Start-Up)	\$870,734
2. Restricted Income:	
a. Child Care Food Program	\$23,170
b. State Meal Allowance	\$2,292
c. Private Foundation Rent Subsidy	\$60,000
d. Donations	\$2,500
e. Other - United Way	\$41,966
f. Other - Maintenance of Effort Not Earned as Private Child Fees	\$27,000
g. Other - CACFP Audit Cost Reimbursement	\$3,000
h. CACFP U.S.D.A Food Commodities	\$5,000
i. Other - Donated Foods	\$2,500
j. In-Kind Contributions	\$2,500
Total Restricted Income	\$169,928
3. Non-Reimbursable Costs:	
a. Capital Outlay	\$0
b. Migrant Specialized Services Supplement	\$0
c. Questioned Cost - Auto and equipment acquired without CDD approval	\$18,826
d. Depreciation	\$0
e. Costs in Line 1 Paid From Funds Not Listed in Line 2 (Specify)	\$0
f. Other - Excess Indirect Costs on Capital Outlay expenditures	\$1,939
g. Other (Specify)	\$0
Total Non-Reimbursable Costs	\$20,765
4. Net Costs (Line 1 - Line 2 - Line 3)	\$680,041
5. Administrative Costs:	
a. Actual Costs	\$105,054
b. Maximum Allowable (Line 4 * 15%)	\$102,006
c. Excess Administrative Costs (Line 5a - Line 5b; if < 0, then 0)	\$3,048
6. Start-Up Costs:	
a. Actual Costs	\$0
b. Maximum Start-Up Per Contract	\$0
c. Allowable Start-Up Costs (Lesser of Line 6a or 6b)	\$0
7. Adjusted Net Costs (Line 4 - Line 5c - Line 6c)	\$676,993
8. Adjusted Program Child Days of Enrollment (CDE) Percentage:	
a. Program Certified CDE	21,857.10 Days
b. Total Commingled CDE	82,678.87 Days
c. Percent Program Certified (Line 8a / Line 8b)	26.4361%
9. Net Reimbursable Costs:	
a. Program Reimbursable Costs (Line 8c * Line 7) + Line 6c	\$178,971
b. Transfer from the Child Development Reserve Fund	\$0
c. Net Reimbursable Costs (Line 9a - Line 9b)	\$178,971
10. Days of Operation Adjustment Factor:	
a. Actual Days of Operation	250 Days
b. Minimum Days of Operation Per Contract	250 Days
c. Actual Days of Operation Percentage (Line 10a / Line 10b)	100.0000%
d. Two Percent Flexibility if Line 10c = 98% or more, Maximum = 100%	100.0000%

<b>11. Total Adjusted Maximum Reimbursable Amount (MRA):</b>	
a. MRA per Contract	\$350,008
b. Operational MRA (Line 11a - Line 6c)	\$248,002
c. Operational MRA Adjusted for Days of Operation (Line 11b * Line 10d)	\$248,002
d. Total Adjusted MRA (Line 11c + Line 6c)	\$350,008
<b>12. Attendance Flexibility Factor:</b>	
a. Total Actual Days of Attendance	28953 Days
b. Total Actual Days of Enrollment	29759 Days
c. Attendance Percentage (Line 12a / Line 12b)	97.2916%
d. Five Percent Flexibility, Maximum = 100 Percent	100.0000%
<b>13. Child Days of Enrollment Earnings:</b>	
a. Reimbursement Rate per Contract	\$23.4700
b. Total Earnings (Line 8a * Line 13a)	\$512,986
c. Earnings Adjusted for Attendance ((Line 13b * Line 12d) + Line 6c)	\$614,992
<b>14. Reimbursable Costs (Lesser of Line 9c or Line 13c)</b>	<b>\$178,971</b>
<b>15. Parent Fees and Interest:</b>	
a. Subsidized Parent Fees	\$0
b. Interest Income	\$0
c. Total Parent Fees and Interest (Lines 15a + Line 15b)	\$0
<b>16. Fiscal Year Earnings (Line 14 - Line 15c)</b>	<b>\$178,971</b>
<b>17. Fiscal Year Reimbursable Earnings (Lesser of Line 16 or Line 11d)</b>	<b>\$178,971</b>
<b>18. Transfer to Child Development Reserve (from worksheet cbreserve #3)</b>	<b>\$171,037</b>
<b>19. Apportionments to Date</b>	<b>\$350,008</b>
<b>20. Balance Due Agency from the State [(Line 17 + Line 18) - Line 19]</b>	<b>\$0</b>
<b>21. Balance Owed to the State:</b>	
a. Total Owed to the State [Line 19 - (Line 17+ Line 18)]	\$0
b. Apportionment Above Adjusted MRA (Line 19 - Line 11d)	\$0
c. Unearned Reimbursement (Line 21a - Line 21b)	\$0
d. Interest Billing (Lesser of Line 15b or Line 21c)	\$0
e. Contract Billing (Line 21a - Line 21d)	\$0

Agency Name: XYZ Child Development, Inc.

Vendor Number: A123

Program Name: Latchkey

Contract Number: GLTK-8XXX

Worksheet Type: Latchkey

Audited Final Reimbursement Calculation

Fiscal Year Ended June 30, 19X9

1. Total Operational Costs (less Start-Up)	\$375,000
2. Restricted Income:	
a. Child Care Food Program	\$0
b. State Meal Allowance	\$0
c. Donation	\$0
d. Transfer from Child Development Reserve Fund	\$0
e. Other	\$0
f. Other	\$0
Total Restricted Income	\$0
3. Non Reimbursable Costs:	
a. Capital Outlay	\$0
b. Migrant Specialized Services Supplement	\$0
c. Questioned Costs	\$0
d. Depreciation	\$0
e. Costs in Line 1 Paid From Funds Not Listed in Line 2	\$0
f. Other (specify)	\$0
g. Other (specify)	\$0
Total Non Reimbursable Costs	\$0
4. Start-Up Costs:	
a. Actual Costs	\$0
b. Maximum Start-Up Per Contract	\$0
c. Allowable (Lesser of Line 4a or Line 4b)	\$0
d. Excess (Line 4a - Line 4b; if < 0, then 0)	\$0
5. Net Costs (Line 1 - (Line 2 + Line 3) + Line 4a)	\$375,000
6. Administrative Costs:	
a. Actual Costs	\$52,788
b. Maximum Allowable (Line 5 X 15%)	\$56,250
c. Excess Administrative Costs (Line 6a - Line 6b; if < 0, then 0)	\$0
7. Adjusted Child Days/Hours of Enrollment (CDE/CHE) Percentage	
a. Program Certified CHE	91,000.00
b. Total Comingled CHE	200,000.00
c. Percent Program Certified (Line 7a / Line 7b)	45.5000%
8. Net Costs [Line 1 - (Lines 2 + 3 + 6c) + Line 4d]	\$375,000
9. Net Reimbursable Cost (Line 7c X Line 8) - Line 2d	\$170,625
10. Days of Operation Adjustment Factor:	
a. Actual Days of Operation	247
b. Minimum Days of Operation Per Contract	246
c. Actual Days of Operation Percentage (Line 10a / Line 10b)	100.4065%
d. Two Percent Flexibility if Line 10c = 98% or more, Maximum = 100%	100.0000%

<b>11. Total Adjusted Maximum Reimbursable Amount (MRA):</b>	
a. MRA per Contract	\$150,000
b. Operational MRA (Line 11a - Line 6c)	\$150,000
c. Operational MRA Adjusted for Days of Operation (Line 11b * Line 10d)	\$150,000
d. Total Adjusted MRA (Line 11c + Line 6c)	\$150,000
<b>12. Attendance Flexibility Factor:</b>	
a. Total Actual Hours of Attendance	90,500.00 Hours
b. Total Actual Hours of Enrollment	91,000.00 Hours
c. Attendance Percentage (Line 12a / Line 12b)	99.4505%
d. Five Percent Flexibility, Maximum = 100 Percent	100.0000%
<b>13. Child Hours of Enrollment Earnings:</b>	
a. Reimbursement Rate per Contract	\$1.9600
b. Total Earnings (Line 7a * Line 13a)	\$178,360
c. Earnings Adjusted for Attendance (Line 13b * Line 12d)	\$178,360
<b>14. Parent Fees and Interest:</b>	
a. Subsidized Parent Fees	\$0
b. Interest Income	\$0
c. Total Parent Fees and Interest (Lines 15a + Line 15b)	\$0
<b>15. Total Net Reimbursable Costs (Line 9 - Line 14c + 4c)</b>	<b>\$170,625</b>
<b>16. Maximum Service Unit Reimbursement (Line 13c - Line 14c + Line 4c)</b>	<b>\$178,360</b>
<b>17. Total Net Cost Participation Limit [(Line 8 X 50%) + Line 4c]</b>	<b>\$187,500</b>
<b>18. Total Service Participation Limit [(Line 7b X Line 13a X 50%) + 4c]</b>	<b>\$196,000</b>
<b>19. Fiscal Year Reimbursable Earnings (Lesser of Lines 15,16,17,18, or 11d)</b>	<b>\$150,000</b>
<b>20. Transfer to the Child Development Reserve (from ltkeyreserve worksheet #3)</b>	<b>\$0</b>
<b>21. Apportionments to Date</b>	<b>\$150,000</b>
<b>20. Balance Due Agency from the State [(Line 19 + Line 20) - Line 21]</b>	<b>\$0</b>
<b>21. Balance Owed to the State:</b>	
a. Total Owed to the State [Line 21 - (Line 19 + Line 20)]	\$0
b. Apportionment Above Adjusted MRA (Line 21 - Line 11d)	\$0
c. Unearned Reimbursement (Line 21a - Line 21b)	\$0
d. Interest Billing (Lesser of Line 14b or Line 21c)	\$0
e. Contract Billing (Line 21a - Line 21d)	\$0

Vendor Number: A123

Program Name: CalWorks Stage 3

- 04/01/X8 to 06/30/X9

Contract Number: F3AP-8XXX

Worksheet Type: CalWorks 2&amp;3

Audited Final Reimbursement Calculation

Fiscal Year Ended June 30, 19X9

1. Total Costs (includes Start-Up)	\$197,994
2. Restricted Income:	
a. Child Care Food Program	\$0
b. State Meal Allowance	\$0
c. Transfers from Alternative Payment Reserve Account	\$5,000
d. Other (Specify)	\$0
e. Other (Specify)	\$0
Total Restricted Income	\$5,000
3. Non-Reimbursable Costs:	
a. Capital Outlay	\$0
b. Migrant Specialized Services Supplement	\$0
c. Questioned Costs (Specify)	\$0
d. Depreciation	\$0
e. Costs in Line 1 Paid From Funds Not Listed in Line 2 (Specify)	\$0
f. Other (Specify)	\$0
g. Other (Specify)	\$0
Total Non-Reimbursable Costs	\$0
4. Net Costs (Line 1 - Line 2 - Line 3)	\$192,994
5. Administrative Costs:	
a. Actual Costs	\$14,250
b. Maximum Allowable (Line 4 * 5%)	\$9,650
c. Excess Administrative Costs (Line 5a - Line 5b; if < 0, then 0)	\$4,600
6. Adjusted Net Reimbursable Costs (Line 4 - Line 5c)	\$188,394
7. Days of Operation Adjustment Factor:	
a. Actual Days of Operation	249
b. Minimum Days of Operation Per Contract	249
c. Actual Days of Operation Percentage (Line 10a / Line 10b)	100.00%
d. Two Percent Flexibility if Line 10c = 98% or more, Maximum = 100%	100.00%
8. Start-Up Costs:	
a. Actual Costs	\$0
b. Maximum Start-Up Per Contract	\$3,750
c. Allowable Start-Up Costs (Lesser of Line 8a or 8b)	\$0
9. Total Adjusted Maximum Reimbursable Amount (MRA):	
a. MRA per Contract	\$150,000
b. Operational MRA (Line 9a - Line 8c)	\$150,000
c. Operational MRA Adjusted for Days of Operation (Line 9b * Line 7d; if "Respite Care" program, use Line 9b)	\$150,000
d. Total Adjusted MRA (Line 9c + Line 8c)	\$150,000



<b>10. Support Service Earnings</b>	
a. Provider Payments	\$152,000
b. Actual Administration and Support Services (Line 4 - Line 10a - Line 8c)	\$40,994
c. Maximum Non-Provider Percent Allowed	25.00%
d. Maximum Administrative and Support Services Earned (Lesser of Line 10b or (Line 10a * Line 10c))	\$38,000
e. Support Service Earnings (Line 10a + Line 8c + Line 10d)	\$190,000
<b>11. Reimbursable Costs (Lesser of Line 6 or 10e)</b>	\$188,394
<b>12. Parent Fees and Interest</b>	
a. Parent Fees	\$15,000
b. Interest	\$350
c. Total Parent Fees and Interest (Line 13a + Line 13b)	\$15,350
<b>13. Fiscal Year Earnings (Line 12 - Line 13c)</b>	\$173,044
<b>14. Fiscal Year Reimbursable Earnings (Lesser of Line 14 or Line 9d)</b>	\$150,000
<b>15. Transfer to Child Development Reserve (from worksheet apreserve2)</b>	\$0
<b>16. Apportionments to Date</b>	\$135,000
<b>17. Balance Due Agency from the State [(Line 15 + Line 16) - Line 17]</b>	\$15,000
<b>18. Balance Owed to the State:</b>	
a. Total Owed to the State [Line 17 - (Line 15 + Line 16)]	\$0
b. Apportionment Above Adjusted MRA (Line 17 - Line 9d)	\$0
c. Unearned Reimbursement (Line 19a - Line 19b)	\$0
d. Interest Billing (Lesser of Line 13b or Line 19c)	\$0
e. Contract Billing (Line 18a - Line 18d)	\$0

Agency Name: XYZ Child Development, Inc.

Vendor Number: A123

Program Name: Before and After School - GCC Expansion

10/01/X7 to 09/30/X9

Contract Number: GSAC-7XXX

Worksheet Type: Multi-Year Center-Based

Audited Final Reimbursement Calculation

Fiscal Year Ended June 30, 19X9

1. Total Costs (includes Start-Up)	\$12,500
2. Restricted Income:	
a. Child Care Food Program	\$6,100
b. State Meal Allowance	\$900
c. Donations	\$0
d. Other (Specify)	\$0
e. Other (Specify)	\$0
Total Restricted Income	\$7,000
3. Non-Reimbursable Costs:	
a. Capital Outlay	\$0
b. Migrant Specialized Services Supplement	\$0
c. Questioned Costs (Specify)	\$0
d. Depreciation	\$0
e. Costs in Line 1 Paid From Funds Not Listed in Line 2 (Specify)	\$0
f. Other - Excess Indirect Costs on Capital Outlay expenditures	\$203
g. Other (Specify)	\$0
Total Non-Reimbursable Costs	\$203
4. Administrative Costs:	
a. Actual Costs	\$1,750
5. Start-Up Costs:	
a. Actual Costs	\$0
6. Days of Operation	184.00 Days
7. Adjusted Program Child Days of Enrollment (CDE) Percentage:	
a. Program Certified CDE	1,786.40 Days
b. Total Commingled CDE	2,172.50 Days
8. Attendance (Certified Children)	
a. Total Actual Days of Attendance	2,370.00 Days
b. Total Actual Days of Enrollment	2,480.00 Days
9. Program Income:	
a. Subsidized Parent Fees	\$7,500
b. Interest Income	\$8

Agency Name: XYZ Child Development, Inc.

Vendor Number: A123

Program Name: State Preschool Full-Day

Contract Number: GWAP-8XXX

Worksheet Type: Center-Based

Audited Final Reimbursement Calculation

Fiscal Year Ended June 30, 19X9

1. Total Costs (includes Start-Up)	\$100,000	
2. Restricted Income:		
a. Child Care Food Program	\$0	
b. State Meal Allowance	\$0	
c. Donations	\$0	
d. Other (Specify)	\$0	
e. Other (Specify)	\$0	
Total Restricted Income	\$0	
3. Non-Reimbursable Costs:		
a. Capital Outlay	\$0	
b. Migrant Specialized Services Supplement	\$0	
c. Questioned Costs (Specify)	\$0	
d. Depreciation	\$0	
e. Costs in Line 1 Paid From Funds Not Listed in Line 2 (Specify)	\$0	
f. Other (Specify)	\$0	
g. Other (Specify)	\$0	
Total Non-Reimbursable Costs	\$0	
4. Net Costs (Line 1 - Line 2 - Line 3)	\$100,000	
5. Administrative Costs:		
a. Actual Costs	\$12,000	
b. Maximum Allowable (Line 4 * 15%)	\$15,000	
c. Excess Administrative Costs (Line 5a - Line 5b; if < 0, then 0)	\$0	
6. Start-Up Costs:		
a. Actual Costs	\$0	
b. Maximum Start-Up Per Contract	\$0	
c. Allowable Start-Up Costs (Lesser of Line 6a or 6b)	\$0	
7. Adjusted Net Costs (Line 4 - Line 5c - Line 6c)	\$100,000	
8. Adjusted Program Child Days of Enrollment (CDE) Percentage:		
a. Program Certified CDE	6,925.00	Days
b. Total Commingled CDE	6,925.00	Days
c. Percent Program Certified (Line 8a / Line 8b)	100.0000%	
9. Net Reimbursable Costs:		
a. Program Reimbursable Costs (Line 8c * Line 7) + Line 6c	\$100,000	
b. Transfer from the Child Development Reserve Fund	\$0	
c. Net Reimbursable Costs (Line 9a - Line 9b)	\$100,000	
10. Days of Operation Adjustment Factor:		
a. Actual Days of Operation	250	Days
b. Minimum Days of Operation Per Contract	250	Days
c. Actual Days of Operation Percentage (Line 10a / Line 10b)	100.0000%	
d. Two Percent Flexibility if Line 10c = 98% or more, Maximum = 100%	100.0000%	

<b>11. Total Adjusted Maximum Reimbursable Amount (MRA):</b>		
a. MRA per Contract		\$100,000
b. Operational MRA (Line 11a - Line 6c)		\$100,000
c. Operational MRA Adjusted for Days of Operation (Line 11b * Line 10d)		\$100,000
d. Total Adjusted MRA (Line 11c + Line 6c)		\$100,000
<b>12. Attendance Flexibility Factor:</b>		
a. Total Actual Days of Attendance	6720 Days	
b. Total Actual Days of Enrollment	6925 Days	
c. Attendance Percentage (Line 12a / Line 12b)	97.0397%	
d. Five Percent Flexibility, Maximum = 100 Percent	100.0000%	
<b>13. Child Days of Enrollment Earnings:</b>		
a. Reimbursement Rate per Contract		\$14,9800
b. Total Earnings (Line 8a * Line 13a)		\$103,737
c. Earnings Adjusted for Attendance ((Line 13b * Line 12d) + Line 6c)		\$103,737
<b>14. Reimbursable Costs (Lesser of Line 9c or Line 13c)</b>		<b>\$100,000</b>
<b>15. Parent Fees and Interest:</b>		
a. Subsidized Parent Fees		\$0
b. Interest Income		\$0
c. Total Parent Fees and Interest (Lines 15a + Line 15b)		\$0
<b>16. Fiscal Year Earnings (Line 14 - Line 15c)</b>		<b>\$100,000</b>
<b>17. Fiscal Year Reimbursable Earnings (Lesser of Line 16 or Line 11d)</b>		<b>\$100,000</b>
<b>18. Transfer to Child Development Reserve (from worksheet cbreserve #3)</b>		<b>\$0</b>
<b>19. Apportionments to Date</b>		<b>\$100,000</b>
<b>20. Balance Due Agency from the State [(Line 17 + Line 18) - Line 19]</b>		<b>\$0</b>
<b>21. Balance Owed to the State:</b>		
a. Total Owed to the State [Line 19 - (Line 17+ Line 18)]		\$0
b. Apportionment Above Adjusted MRA (Line 19 - Line 11d)		\$0
c. Unearned Reimbursement (Line 21a - Line 21b)		\$0
d. Interest Billing (Lesser of Line 15b or Line 21c)		\$0
e. Contract Billing (Line 21a - Line 21d)		\$0

**Note:** The information in this Schedule is in accordance with the Funding Terms and Conditions of the Sub-contract and school District's Agreement for Participation in the School-Age Child Care Projects.

Agency Name: **XYZ Child Development, Inc.**

Vendor Number: **A123**

Program Name: **CDD Block Grant Local Planning Council**  
**06/01/X8 to 06/30/X9**

**Audited Final Reimbursement Calculation**  
**Fiscal Year Ended June 30, 19X9**

Contract Number: **FLPC-8XXX**

Worksheet Type: **Planning Grant**

**1. Expenditures:**

a. Amount Reported in Prior Year Audit	\$0
b. Amount Reported in Current Year Audit	\$5,000
c. Total Expenditures	\$5,000

2. Local Matching Funds (At Least 25% State Funding-Cash or In-Kind)	\$2,500
--	---------

3. Interest Income	\$250
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**4. Non-Reimbursable Costs:**

a. Capital Outlay	\$0
b. Interest	\$0
c. Questioned Costs (Specify)	\$0
d. Costs in Line 1 Paid From Funds Not Listed in Line 2 (Specify)	\$0
e. Excess Indirect Costs on Capital Outlay expenditures	\$62
f. Disallowed Costs (Specify)	\$0
g. Disallowed Costs (Specify)	\$0
Total Non-Reimbursable Costs	\$62

5. Audited Actual and Allowable Net Costs [Line 1c - (Lines 2 + 3 + 4)]	\$2,188
---	---------

6. Maximum Reimbursable Amount (MRA) Per Contract	\$25,000
---	----------

7. Reimbursable Earnings (Lesser of Line 5 or Line 6 or Line 2 * 3)	\$2,188
---	---------

8. Apportionments To Date	\$25,000
---------------------------	----------

9. Deferred Revenue - Multi Year Contract	\$22,812
---	----------

10. Balance Due Agency from the State (Line 7 - Line 8)	\$0
---	-----

**11. Balance Owed to the State:**

a. Total Owed to the State (Line 8 - Line 7)	\$0
b. Interest Billing (Lesser of Line 3 or Line 11a)	\$0
c. Contract Billing (Line 11a - Line 11b)	\$0

Agency Name: XYZ Child Development, Inc.

Vendor Number: A123

Program Name: GCC - Instructional Materials and Supplies  
05/01/X8 to 06/30/X9

Audited Final Reimbursement Calculation  
Fiscal Year Ended June 30, 19X9

Contract Number: GIMS-7XXX

Worksheet Type: Grant

1. Expenditures:	
a. Amount Reported in Prior Year Audit	\$0
b. Amount Reported in Current Year Audit	\$400
c. Total Expenditures	\$400
2. Restricted Program Income	\$0
3. Interest Income	\$0
4. Non Reimbursable Costs:	
a. Capital Outlay	\$0
b. Interest	\$0
c. Questioned Costs (Specify)	\$0
d. Costs in Line 1 Paid From Funds Not Listed in Line 2 (Specify)	\$0
e. Disallowed Costs (Specify)	\$0
f. Disallowed Costs (Specify)	\$0
g. Disallowed Costs (Specify)	\$0
Total Non Reimbursable Costs	\$0
5. Audited Actual and Allowable Net Costs [Line 1c - (Lines 2 + 3 + 4)]	\$400
6. Administrative Costs:	
a. Actual Costs	\$30
b. Maximum Allowable (Line 5 X 15%)	\$60
c. Excess Administrative Costs (Line 6a - Line 6b; if < 0, then 0)	\$0
7. Adjusted Net Costs (Line 5 - Line 6c)	\$400
8. Maximum Reimbursable Amount (MRA) Per Contract	\$1,545
9. Reimbursable Earnings (Lesser of Line 7 or Line 8)	\$400
10. Apportionments To Date	\$1,545
11. Deferred Revenue - Multi Year Contract	\$1,145
12. Balance Due Agency from the State (Line 9 - Line 10)	\$0
13. Balance Owed to the State:	
a. Total Owed to the State (Line 10 - Line 9)	\$0
b. Interest Billing (Lesser of Line 3 or Line 13a)	\$0
c. Contract Billing (Line 13a - Line 13b)	\$0

## **CENTER - BASED PROGRAMS**

See accompanying Notes to the Supplementary Information

## Center-Based Reserve Calculation

GCTR-8XXX

Center-Based Reserve is the lesser of:

$$1) \quad \frac{\$380,024}{\text{MRA}} \text{ plus } \frac{\$54,581}{\text{Parent Fees}} \text{ plus } \frac{\$3,242}{\text{Interest}} \text{ minus } \frac{\$415,798}{\text{Net Cost}^*} \text{ equals}$$

\$22,049  
Possible Reservable  
Amount

$$2) \quad \frac{\$1,191,296}{\text{Service Earnings}^{**}} \text{ minus } \frac{\$415,798}{\text{Net Cost}^*} \text{ equals } \frac{\$775,498}{\text{Possible Reservable Amount}}$$

$$3) \quad \frac{\$22,049}{\text{Possible Contract Reserve Amount}^{***}} \\ \text{(Lesser of 1 or 2)}$$

\* Line 9c from the Center-Based Worksheet

\*\* Line 13c from the Center-Based Worksheet

\*\*\* This amount is reported on Line 18 of the Center-Based Worksheet.

Amount less than zero(0) is reported as zero(0).



# Latchkey Reserve Calculation

GLTK-8XXX

Latchkey Reserve is the lesser of:

$$1) \quad \frac{\$150,000}{\text{MRA}} \text{ plus } \frac{\$0}{\text{Parent Fees}} \text{ plus } \frac{\$0}{\text{Interest}} \text{ minus } \frac{\$170,625}{\text{Net Cost}^*} \text{ equals}$$

(\$20,625)  
Possible Reservable  
Amount

$$2) \quad \frac{\$178,360}{\text{Service Earnings}^{**}} \text{ minus } \frac{\$178,360}{\text{Net Cost}^{**}} \text{ equals } \frac{\$0}{\text{Possible Reservable Amount}}$$

$$3) \quad \frac{\$20,625}{\text{Possible Contract Reserve Amount}^{***}} \\ \text{(Lesser of 1 or 2)}$$

\* Line 9 from the Latchkey Worksheet

\*\* Line 13c from the Latchkey Worksheet

\*\*\* This amount should be reported on Line 20 of the Latchkey Worksheet;  
if this amount is less than zero(0) is reported as zero(0).

## Center-Based Reserve Calculation

FCTR-8XXX

Center-Based Reserve is the lesser of:

- 1) 
$$\frac{\$350,008}{\text{MRA}} \text{ plus } \frac{\$0}{\text{Parent Fees}} \text{ plus } \frac{\$0}{\text{Interest}} \text{ minus } \frac{\$178,971}{\text{Net Cost}^*} \text{ equals } \frac{\$171,037}{\text{Possible Reservable Amount}}$$
- 2) 
$$\frac{\$614,992}{\text{Service Earnings}^{**}} \text{ minus } \frac{\$178,971}{\text{Net Cost}^*} \text{ equals } \frac{\$436,021}{\text{Possible Reservable Amount}}$$
- 3) 
$$\frac{\$171,037}{\text{Possible Contract Reserve Amount}^{***}} \text{ (Lesser of 1 or 2)}$$

\* Line 9c from the Center-Based Worksheet

\*\* Line 13c from the Center-Based Worksheet

\*\*\* This amount is reported on Line 18 of the Center-Based Worksheet.  
Amount less than zero(0) is reported as zero(0).

# Alternative Payment, CalWorks 2&3, and Family Child Care Homes Reserve Calculation - Part 1

Complete one worksheet for each Alternative Payment contract. Do not combine MRA's.  
Calculate the contracts in the order specified on the CD-9530.

Alternative Payment Reserve for Contract # F3AP-SXXX is the lesser of:

$$1) \quad \frac{\$150,000}{\text{MRA}} \text{ plus } \frac{\$15,000}{\text{Parent Fees}} \text{ plus } \$350 \text{ minus } \$188,394 \text{ equals } \text{Adj. Net Cost}^*$$

$$\frac{(\$23,044)}{\text{Possible Reservable Amount}}$$

$$2) \quad \left( \frac{\$152,000}{\text{Provider Payments}} \times \frac{25.00\%}{\text{Maximum Non-provider Percentage}^{****}} \right) \text{ minus } \left( \frac{\$197,994}{\text{Total Cost}^{**}} \text{ minus } \frac{\$152,000}{\text{Provider Pmts.}} \right)$$

$$\frac{\$0}{\text{Non-Reimbursable Costs}} = \frac{(\$7,994)}{\text{Possible Reservable Amount}}$$

$$3) \quad \frac{\$152,000}{\text{Provider Pmts.}} \text{ plus } \left( \frac{\$152,000}{\text{Provider Pmts.}} \times \frac{25.00\%}{\text{Maximum Non-provider Percentage}^{****}} \right) \text{ minus } \$188,394 \text{ equals } \text{Adj. Net Cost}^*$$

$$\frac{\$1,606}{\text{Possible Reservable Amount}}$$

$$4) \quad \left( \frac{\$188,394}{\text{Adj. Net Cost}^*} \times \frac{25\%}{\text{M.A.S.P}^{*****}} \right) \text{ minus } \left( \frac{\$192,994}{\text{Net Cost}^{***}} \text{ minus } \frac{\$152,000}{\text{Provider Pmts.}} \right)$$

$$\text{minus } \$0 \text{ ) equals } = \$6,104$$

Allowable Start-Up      Possible Reservable Amount

$$5) \quad \frac{\$0}{\text{Contract Reserve Amount}^{*****}} \text{ (Lesser of 1, 2, 3 or 4)}$$

\* Line 6 from the AP, CalWorks 2&3 or FCCH Worksheets.

\*\* Line 1 from the AP, Calworks 2&3 or FCCH Worksheets.

\*\*\* Line 4 from the AP, Calworks 2&3 or FCCH Worksheets.

\*\*\*\* Maximum Non-provider % is: 25% for Federal; and both Federal and General Calworks Stages 2 and 3  
33.33% for General  
42.85% for Family Child Care Homes

\*\*\*\*\* Maximum Admin. & Support Percentage (%) is: 25% for Federal; and both Federal and General Calworks Stages 2 and 3  
33.33% for FAPP, GAPP, FCPS, and GCPS Contracts.  
42.85% for Family Child Care Homes

\*\*\*\*\* Amount less than zero(0) is reported as zero(0) and on Line 15 of the applicable Worksheet.

**Note:** Provider Payments X Maximum Non-Provider % equals Maximum Allowable Admin. And Support.  
Total Cost minus Provider Payments minus Non-Reimbursable Costs equals Actual Admin. and Support.

Alternative Payment, CalWorks 2&3, and Family Child Care Homes Reserve Calculation - Part 2

A	B	C	D	E
Potential Reserve Beginning Balance*	Contract #	Possible Contract Reserve Amount (From apreserve1, #4)	Reservable Amount Lesser of Col. A or Col. C **	Potential Reserve Ending Balance Col. A - Col. D (Carry to Col. A)
\$5,420	F3AP-8XXX	\$0	\$0	\$5,420
\$0		\$0	\$0	\$0
\$0		\$0	\$0	\$0
\$0		\$0	\$0	\$0
\$0		\$0	\$0	\$0
\$0		\$0	\$0	\$0
\$0		\$0	\$0	\$0
\$0		\$0	\$0	\$0

Total Current Year Reservable Amount \$0

Plus Beginning Reserve Balance  
(from CD9530 Section I plus Section II minus Section III) \$0

Ending Alternative Payment Reserve Balance \$0

\* From the Reserve Account Status Report (CD9530): Maximum Alternative Payment Reserve minus Beginning Balance (Section I) plus Revenue (Section II) minus Expenses (Section III)

\*\* This amount is reported on Line 15 of the applicable Audited Final Reimbursement Report for each alternative payment type of contract. Negative amounts are reported as zero(0).

XYZ Child Development, Inc.  
**NOTES TO THE SUPPLEMENTARY INFORMATION**  
June 30, 19X9

**1. Indirect Cost Rate Limitation**

- a. In accordance with the Funding Terms and Conditions (FT&C's) for Alternative Payment Programs, indirect costs related to administrative activities fall within the five percent (5%) maximum limitation from administrative schedule page 25.

The rate is applied to expenditures by state categories, 1000-5000, as follows:

Combined Schedule of Expenditures by State Categories	\$163,325
Less: (1.b) pool of ORCCC expenditures	<u>78,266</u>
Total of Non-ORCCC pool of expenditures	<u>\$ 85,059</u>
Rate Limitation: 5% =	<u><u>\$ 4,253</u></u>

- b. In accordance with the FT&C's for Alternative Payment programs, indirect costs related to ORCCC do not fall within the five percent (5%) maximum limitation.

Pool of ORCCC Expenditures:

Eligibility and Recertification	\$21,500
License Verifications	11,000
Recruiting	17,800
Resource and Referral Services	13,966
Review/Supervision of Placements	3,200
Site Inspections	<u>10,800</u>
Total ORCCC	<u><u>\$78,266</u></u>
Rate Limitation: 8% =	<u><u>\$ 6,261</u></u>

**2. Statement of Cash Flows**

SFAS No. 117 encourages organizations to use the direct method for reporting net cash flows from operating activities, but it also allows them to use the indirect method.

**3. Schedule of Expenditures of Federal and State Awards**

- a. Federal and State awards expended are reported on the accrual basis of accounting in conformity with generally accepted accounting principles as described in the Notes to the Financial Statements.

<u>Name of Federal Program:</u>	<u>CFDA Number:</u>
Child and Adult Care Food Program	10.558
Child Care and Development Block Grant	93.757

XYZ Child Development, Inc.  
**NOTES TO THE SUPPLEMENTARY INFORMATION**  
June 30, 19X9

**4. Special Rent Subsidy**

The Agency receives special rent subsidy from a private foundation which is used to reimburse the Agency for the rent of the child center site. These funds have been reported as restricted Child Development program income of \$60,000 on the Status of Operating Agency Contracts, contract numbers GCTR-8xxx (Line 2.a) and FCTR-8xxx (Line 2.a). The rental charge for the child center site is \$6,000 a month.

**5. Property**

Property purchased with CDE contract funds during fiscal year 19X8-X9 has been separately accounted for in the property management system.

**6. Claim Preparation**

Centers:

Monthly CACFP claims were prepared in accordance with the Total Count - Fixed Percentage claiming method.

The "Total Count - Fixed Percentage" claiming method requires each Agency to accurately categorize enrollment data into free, reduced price, and base rate categories at least one time at the beginning of the fiscal year. The percentage for each category becomes the percentage used to determine reimbursement for the fiscal year. These percentages may be adjusted by the Agency to accurately categorize enrollment if material changes in the enrollment if material changes in the enrollment percentages occur during the fiscal year.

Day Care Homes:

Monthly CACFP claims were prepared in accordance with the Tiering claiming method.

XYZ Child Development, Inc.  
**NOTES TO THE SUPPLEMENTARY INFORMATION**  
June 30, 19X9

**6. Claim Preparation(continued):**

**Tiering:**

A day care home sponsor must collect eligibility from each day care home provider under sponsorship. All providers are Tier II unless eligibility has been documented. A Tier I home is determined based on either the location of the home in an eligible area or by the provider's income. Sponsors must document the determinations and keep on file as long as the classification is in effect plus three fiscal years.

**Tier I eligibility determinations:**

- A day care home located in the enrollment zone of an elementary school in which at least 50% of the children enrolled are certified eligible to receive free or reduced price meals. This is documented in the provider's file showing the provider's address is within the attendance zone of the school and documentation that the school is eligible. This determination is good for three years. All eligible meals served to enrolled children in the provider's home are reimbursed at Tier I rates.
- A day care home that is located in a geographic area, as defined by USDA based on census data, in which at least 50% of the children residing in the area are from households which meet the income standards for free or reduced price meals. Documentation from census tract must verify this determination. This determination is good until the next census. All eligible meals served to enrolled children in this provider's home are reimbursed at Tier I rates.
- The provider's household income may be used to classify the home as Tier I. The household income must be verified using the Provider's Federal income tax documents, i.e. Form 1040; a copy of a pay stub; or a statement of day care home business income and expenses. This determination is good until new income eligibility guidelines are published July the following year.

**Children enrolled in a Tier II home may be Tier I eligible:**

A Tier II provider may ask the sponsoring organization to collect eligibility applications from the parents of her enrolled children. The sponsor determines the eligibility and gives the provider the number of eligible Tier I and Tier II children.

**7. Allowable Indirect Costs**

Indirect costs are only applicable to the 1000-5000 series of general ledger expenditure accounts in the California School Accounting Manual. In accordance with CDP's FT&C's, indirect costs cannot be charged on capital outlay expenditures in the 6000 series accounts.

**XYZ Child Development, Inc.  
Schedule of Findings and Questioned Costs**

**Year Ended June 30, 19X9**

**A. Summary of Auditor's Results**

**I. Financial Statements**

1. The Independent Auditor's Report on the financial statements of XYZ Child Development, Inc. expressed an unqualified opinion.
2. Internal Control over Financial Reporting:
  - a. Reportable conditions were disclosed in the audit of the financial statements.
  - b. None of the reportable conditions, in 2a above, were considered to be a material weakness.
  - c. Non-compliance was disclosed but was not material to the financial statements.

**II. Federal Awards**

1. Internal Controls Over Major Programs:
  - a. Two reportable conditions were disclosed in the audit of federal awards.
  - b. One of the reportable conditions, in 1a above, is reported as a material weakness.
2. The auditor's report on compliance for the major federal awards programs for XYZ Child Development, Inc. expressed an unqualified opinion.
3. Two audit findings are reported in B.II, Findings and Questioned Costs, in accordance with OMB Circular A-133, Section 510(a).
4. The programs tested as major programs are identified as follows;

**CFDA Number:**

**Name of Federal Program:**

10.558

Child and Adult Care Food Programs

13.600

Headstart Program

93.757

Child Care and Development Block Grant

5. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
6. XYZ Child Development, Inc. did not qualify as a low-risk auditee under OMB Circular A- 133, Section 530.



XYZ Child Development, Inc.  
Schedule of Findings and Questioned Costs

Year Ended June 30, 19X9

**B. Findings and Questioned Costs:**

**I. Financial Statement Audit**

Questioned  
Cost

**Reportable Conditions**

**Finding 99-1. Attendance Recordkeeping**

- None -

**Condition:** During our review of attendance, we found several instances where incorrect attendance time was reported; full-time which should be half-time; three quarter time which should be full-time; and unexcused absences considered excused absences. We do not believe this reportable condition is a material weakness and no financial adjustment was necessary.

**Recommendation:** Periodic reviews should be made of the center's attendance records to ensure proper accounting of hours and correct classification of excused and unexcused absences. School age children should be reviewed for contract hours in September when school starts to ensure that contract hours are reduced for time spent in school.

**Response:** Periodic review will be made by administrative personnel. School age children contract hours will be reviewed in September.

**Finding 99-2. Equipment Expenditures**

\$ 18,826

**Condition:** One of the equipment expenditures tested in the Center and Block Grant Child Development programs was for the purchase of a Chevrolet Lumina automobile without prior approval from the Child Development Division (CDD). We do not believe this reportable condition is a material weakness.

**Recommendation:** Management should obtain confirmation of prior CDD approval for any anticipated expenditures that exceed the \$7,500 limit and which may be considered questionable as to a reimbursable cost.

**Response:** Management has been informed by CDD that the questioned cost is non-reimbursable and should be disallowed.

**Finding 99-3. Prohibition Against Loans/Advances**

**Condition:** During our test of the Agency's interfund receivable and payable account transactions, we found that a total of \$250,000 in Child Development Program (CDP) funds were transferred to the non-government sponsored programs during the year. These transfers are considered loans and are in violation of CDP's Funding Terms and Conditions.

**Recommendation:** Management should restrict the use of state contract cash to contract/grant related expenditures only. Management should implement procedures to secure, and have available, sources of interim financing. In addition, management should immediately pay back the \$250,000 to the CDP.

**Response:** Management has been informed by the Child Development Division that fiscal action resulting in a Conditional Contract status will be implemented. Management has agreed to repay the \$250,000 loan to CDP and implement the recommended procedures as soon as possible.

XYZ Child Development, Inc.  
Schedule of Findings and Questioned Costs

Year Ended June 30, 19X9

**B. Findings and Questioned Costs (continued):**

**I. Financial Statement Audit**

Questioned  
Cost

**Reportable Conditions**

**Finding 99-4. Bank Account Reconciliations**

**Condition:** The payroll account was not reconciled during the year. The payroll account is maintained on an imprest basis. Although management has developed and documented accounting procedures which require reconciliation of all bank accounts, these procedures were not followed as they relate to the payroll account. We do not believe this reportable condition is a material weakness.

**Recommendation:** The bank reconciliation process is of utmost importance because it provides a very effective internal control procedure. We recommend that accounting personnel follow procedures which are established to ensure that bank reconciliations are performed both timely and accurately each month.

**Response:** Management agreed that frequent reconciliations are necessary and will implement monthly reconciliations from and after July 1, 19X9.

**Finding 99-5. Excess Indirect Costs**

- None -

**Condition:** Indirect costs of \$2,204 in excess of the 8% maximum allowed by CDP's contract FT&C's were charged to the Center and Block Grant, Before and After School Expansion and CDD Block Grant Local Planning Council Child Development programs. In accordance with CDP's FT&C's, indirect costs cannot be charged on capital outlay expenditures in the 6000 series accounts in the California School Accounting Manual. We do not believe this reportable condition is a material weakness and the adjustments are reflected in the audited financial statements.

**Recommendation:** Management should implement procedures to accurately calculate and allocate indirect costs to the CDD programs.

**Response:** Management will adopt the recommendation, effective July 1, 19X8.

**II. Major Federal Award Programs Audit**

**Reportable Conditions**

**Finding 99-6. Equipment Records - All federal programs**

- None -

**Condition:** During our review of fixed assets, we found that equipment records do not contain all of the information required by OMB Circular A-110 because management was unaware of the detailed information required in the record keeping. We believe this reportable condition is a material weakness.

**Recommendation:** Management should implement a system to track all required elements of the federal equipment, including a description, identification number, source and award number, acquisition date or date received, cost, percentage of federal participation, location and condition of equipment, and disposition data, including date and proceeds from disposition.

**Response:** Management has agreed to implement the required tracking system.

XYZ Child Development, Inc.  
Schedule of Findings and Questioned Costs

Year Ended June 30, 19X9

**B. Findings and Questioned Costs (continued):**

Questioned  
Cost

**II. Major Federal Award Programs Audit**

**Reportable Conditions**

Finding 99-7. Child and Adult Care Food (CFDA No. 10.558)

- None -

Condition: During our review of meals, we found that two of 16 files tested for eligibility did not contain applications. 2 We do not believe this reportable condition is a material weakness.

Recommendation: Management should implement procedures to assist the Agency in maintaining participants' applications.

Response: Management has agreed to implement the required procedures.

---

2 - No adjustments to the meal schedule because the total meal was less than \$100.

XYZ Child Development, Inc.  
Schedule of Findings and Questioned Costs

Year Ended June 30, 19X9

**C. Status of Prior Year Findings:**

Questioned

**I. Financial Statement Audit**

Cost

**Reportable Conditions**

**1998 - Finding 1:** Child Development, General Center Child Care,  
Contract # GCTR-7xxx

- None -

Condition: In a test of 16 attendance records, there was one record for a child in which two unexcused absences were reported to CDE's Education Finance Division (EFD) as excused. The error was due to an undetected error in processing.

Recommendation: The auditor recommended that management should thoroughly review attendance records before they are submitted to EFD.

Response: The recommendation was implemented by management in November 1998. No similar findings were noted in the 19X9 audit.

**1998 - Finding 2:** Journals

- None -

Condition: Adjusting journal entries and general ledger was not provided monthly by the accounting firm.

Recommendation: The auditor recommended that management should implement accounting controls with its Business Officer to monitor and ensure the receipt of these financial records from its accounting firm on a monthly basis.

Response: The recommendation was adopted by management in November 1998. No similar findings were noted in the 19X9 audit.

**1998 - Finding 3:** Child Development Programs

- None -

Condition: The Agency did not maintain detail of government-owned equipment purchases.

Recommendation: The auditor recommended that management should implement a system to track, identify and account for all equipment purchased with CDD contract funds.

Response: Management implemented a system in December 1998.

**II. Major Federal Award Programs Audit**

**1998 - None**

MANAGEMENT LETTER

Board of Directors  
XYZ Child Development, Inc.

In planning and performing our audit of the financial statements of **XYZ Child Development, Inc.** for the year ended June 30, 19X9, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted other matters involving deficiencies in the internal control structure and its operation that we considered not serious enough to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

1. During the audit, it was noted that parent fees requirements could not be compared to actual collections because of inadequate documentation.

Recommendation

A record of each parent's required fee, based on the family income, should be maintained. In addition, the collection should be recorded to ascertain that all required parent fees are collected.

2. We are questioning the claimed travel cost of \$127.10 which we do not consider pertinent to the agency's State Child Development Program because the conference was for Head Start teachers. Such expense should have been claimed as part of the Head Start Program.

The information contained in this report is intended for the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Bean, Bean & Counter  
Certified Public Accountants

September XX, 19X9

## AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS

Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

RETURN TO

Single Audit Clearinghouse  
1201 E. 10th Street  
Jeffersonville, IN 47132

## PART I

## GENERAL INFORMATION (To be completed by auditee, except for Item 7)

1. Fiscal year ending date for this submission Month Day Year 06 / 30 / X8 960		2. Type of Circular A-133 audit <input checked="" type="checkbox"/> Single audit <input type="checkbox"/> Program-specific audit	
3. Audit period covered <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Other - Months <input type="checkbox"/> Biennial		4. Date received by Federal Clearinghouse FEDERAL GOVERNMENT USE ONLY	
5. Employer Identification Number (EIN) a. Auditee EIN X X X X X X X X X X b. Are multiple EINs covered in this report? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

## 6. AUDITEE INFORMATION

a. Auditee name XYZ Child Development, Inc.	
b. Auditee address (Number and street) 1000 N. Main Street City Smalltown State ZIP Code California 9XXXX	
c. Auditee contact Name Gina Anonymous Title Executive Director	
d. Auditee contact telephone (916) 555 - 1212	
e. Auditee contact FAX (Optional) ( ) -	
f. Auditee contact E-mail (Optional)	

**g. AUDITEE CERTIFICATION STATEMENT** - This is to certify that, to the best of my knowledge and belief, the auditee has: (1) Engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and (3) the information included in Parts I, II, and III of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

Signature of certifying official Date  
Month Day Year  
10 / 31 / X8  
Name/Title of certifying official  
Gina Anonymous, Executive Director

## 7. AUDITOR INFORMATION (To be completed by auditor)

a. Auditor name Bean, Bean & Counter, CPA's	
b. Auditor address (Number and street) 1234 Grinder St., Suite 100 City Anvtown State ZIP Code California 9XXXX	
c. Auditor contact Name B. Bean Title Partner	
d. Auditor contact telephone (916) 123 - 3456	
e. Auditor contact FAX (Optional) ( ) -	
f. Auditor contact E-mail (Optional)	

**g. AUDITOR STATEMENT** - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 5 and 6, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is not a substitute for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in Parts II and III of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Signature of auditor Date  
Month Day Year  
10 / 25 / X8

**PART I****GENERAL INFORMATION - Continued**

8. Indicate whether the auditee has either a Federal cognizant or oversight agency for audit. (Mark (X) one box)

1 ☒ Cognizant agency 2 ☐ Oversight agency

9. Name of Federal cognizant or oversight agency for audit. (Mark (X) one box)

- |  |  |   |  |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation                 | 33 <input type="checkbox"/> Federal Emergency Management Agency        | 65 <input type="checkbox"/> Justice                                       | 98 <input type="checkbox"/> Peace Corps                      |
| 02 <input type="checkbox"/> Agency for International Development           | 34 <input type="checkbox"/> Federal Mediation and Conciliation Service | 66 <input type="checkbox"/> Labor   | 99 <input type="checkbox"/> Small Business Administration    |
| 10 <input checked="" type="checkbox"/> Agriculture                         | 35 <input type="checkbox"/> General Services Administration            | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration   |
| 11 <input type="checkbox"/> Commerce                                       | 36 <input checked="" type="checkbox"/> Health and Human Services       | 89 <input type="checkbox"/> National Archives and Records Administration  | 18 <input checked="" type="checkbox"/> State                 |
| 34 <input type="checkbox"/> Corporation for National and Community Service | 14 <input type="checkbox"/> Housing and Urban Development              | 05 <input type="checkbox"/> National Endowment for the Arts               | 20 <input type="checkbox"/> Transportation                   |
| 12 <input type="checkbox"/> Defense  | 33 <input type="checkbox"/> Institute for Museum Services              | 06 <input type="checkbox"/> National Endowment for the Humanities         | 21 <input type="checkbox"/> Treasury                         |
| 24 <input type="checkbox"/> Education                                      | 14 <input type="checkbox"/> Inter-American Foundation                  | 41 <input type="checkbox"/> National Science Foundation                   | 82 <input type="checkbox"/> United States Information Agency |
| 81 <input type="checkbox"/> Energy   | 15 <input type="checkbox"/> Interior                                   | 07 <input type="checkbox"/> Office of National Drug Control Policy        | 64 <input type="checkbox"/> Veterans Affairs                 |
| 66 <input type="checkbox"/> Environmental Protection Agency                |  |   | <input type="checkbox"/> Other - Specify: _____              |

**PART II****FINANCIAL STATEMENTS (To be completed by auditor)**

1. Type of audit report. (Mark (X) one box)

1 ☒ Unqualified opinion 2 ☐ Qualified opinion 3 ☐ Adverse opinion 4 ☐ Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report? 1 ☐ Yes 2 ☒ No

3. Is a reportable condition disclosed? 1 ☒ Yes 2 ☐ No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness? 1 ☒ Yes 2 ☐ No

5. Is a material noncompliance disclosed? 1 ☐ Yes 2 ☒ No

**PART III****FEDERAL PROGRAMS (To be completed by auditor)**

1. Type of audit report on major program compliance

1 ☒ Unqualified opinion 2 ☐ Qualified opinion 3 ☐ Adverse opinion 4 ☐ Disclaimer of opinion

2. What is the dollar threshold to distinguish Type A and Type B programs \$ \_\_\_\_\_ 520(b)?

\$ 300,000

3. Did the auditee qualify as a low-risk auditee (\$ \_\_\_\_\_ 530)?

1 ☐ Yes 2 ☒ No

4. Are there any audit findings required to be reported under \$ \_\_\_\_\_ 510(a)?

1 ☒ Yes 2 ☐ No

5. Which Federal Agencies are required to receive the reporting package? (Mark (X) all that apply)

- |  |  |   |  |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation                 | 33 <input type="checkbox"/> Federal Emergency Management Agency        | 65 <input type="checkbox"/> Justice                                       | 98 <input type="checkbox"/> Peace Corps                      |
| 02 <input type="checkbox"/> Agency for International Development           | 34 <input type="checkbox"/> Federal Mediation and Conciliation Service | 66 <input type="checkbox"/> Labor   | 99 <input type="checkbox"/> Small Business Administration    |
| 10 <input checked="" type="checkbox"/> Agriculture                         | 35 <input type="checkbox"/> General Services Administration            | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration   |
| 11 <input type="checkbox"/> Commerce                                       | 36 <input checked="" type="checkbox"/> Health and Human Services       | 89 <input type="checkbox"/> National Archives and Records Administration  | 18 <input checked="" type="checkbox"/> State                 |
| 34 <input type="checkbox"/> Corporation for National and Community Service | 14 <input type="checkbox"/> Housing and Urban Development              | 05 <input type="checkbox"/> National Endowment for the Arts               | 20 <input type="checkbox"/> Transportation                   |
| 12 <input type="checkbox"/> Defense  | 33 <input type="checkbox"/> Institute for Museum Services              | 06 <input type="checkbox"/> National Endowment for the Humanities         | 21 <input type="checkbox"/> Treasury                         |
| 24 <input type="checkbox"/> Education                                      | 14 <input type="checkbox"/> Inter-American Foundation                  | 41 <input type="checkbox"/> National Science Foundation                   | 82 <input type="checkbox"/> United States Information Agency |
| 81 <input type="checkbox"/> Energy   | 15 <input type="checkbox"/> Interior                                   | 07 <input type="checkbox"/> Office of National Drug Control Policy        | 64 <input type="checkbox"/> Veterans Affairs                 |
| 66 <input type="checkbox"/> Environmental Protection Agency                |  |   | 00 <input type="checkbox"/> None                             |
|  |  |   | <input type="checkbox"/> Other - Specify: _____              |



FD-275 (Rev. 10-7-79)

**PART III** FEDERAL PROGRAMS - **CARRIAGE**

**6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR**

CFDA number / (a)	Name of Federal program (b)	Amount expended (c)	Major program (d)	Type of compliance requirement (e)	Amount of questioned costs (f)	Internal control findings (g)	Audit finding reference number(s) (h)
10.558	Child and Adult Care Food Program	2,547,588	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	C, E, F	\$ none	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-3,586
93.757	Child Care and Development Block Grant (CCDBG) (CCDF)	\$ 1,592,635	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	B, C, F	\$ 18,826	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-3,485
13.600	Headstart	\$ 350,008	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	C, F	\$ none	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-3
10.550	U.S.D.A. Donated Food Commodities	\$ 2,650,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	C, F	\$ none	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-5
93.374	CCDBG Expansion Alternative Payment - Stage II CalWORKS STAGE 2	\$ 25,100	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	C, F	\$ none	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-3
93.374	Block Grant Local Planning Council	\$ 177,644	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	C, F	\$ none	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-5
		\$ 5,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	C, F	\$ none	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-3
		\$	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		\$	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-5
		\$	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		\$	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-3
		\$	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		\$	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-5
		\$	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		\$	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-3
		\$	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		\$	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-5
		\$	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		\$	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-3
		\$	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		\$	<input checked="" type="checkbox"/> A <input type="checkbox"/> B	98-5

**TOTAL FEDERAL AWARDS EXPENDED** \$ 5,758,320  
\$ 4,800,987

IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE AND SEE INSTRUCTIONS ATTACH ADDITIONAL PAGES TO THE FORM AND SEE INSTRUCTIONS.

For other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available:  
Type of compliance requirement (Enter the letter(s) or all that apply to each finding and question costs reported for each system/program)  
A. Activities allowed or disallowed  
B. Allocation of resources/program  
C. Case management  
D. Data - Bacon Act  
E. Eligibility  
F. Equipment and real property management  
G. Financial management  
H. Information management  
I. Program income  
J. Real property acquisition and relocation assistance  
K. Reporting compliance  
L. Reporting  
M. Subgrant management  
N. Special tests and provisions  
O. None

Type of internal control findings (Mark (X) all that apply)  
A. Material weaknesses  
B. Reporting deficiencies  
C. None reported